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The Credit World

NATIONAL RETAIL CREDIT ASSOCIATION
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The
CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

L. S. CROWDER, *Editor*

ARTHUR H. HERT, *Associate Editor*

Editorial and Executive Offices . . . Shell Bldg., St. Louis 3, Missouri
Advertising Representative, T. W. Farrell, 64 E. Lake St., Chicago 1, Ill.
Washington Counsel, Clagett & Schilz, 1424 K St., N. W., Washington 5, D. C.

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Booms and Depressions*

JOHN H. SUYDAM, F.C.I., *General Manager,* The Canadian Credit Men's Trust Association Ltd., Toronto, Ontario, Canada

THE CAUSES and cures of booms and depressions are rather controversial subjects. There is a wide and varied field of opinion in regard to them and within the limits of this article the surface can only be scratched at best. It must also be confined primarily to trends and conditions in Canada and the United States. The economy of each country is closely allied and their trade or business cycles have paralleled each other in the past and will probably continue to do so in the future.

Since our North American continent was settled and similar developments have taken place in the more advanced countries throughout the world, there has been a steady increase in both prices and wages. The latter have risen faster than the former, with the result that the standard of living of the majority of people has been substantially improved. The regularity of this improvement has been broken by periods of extreme prosperity and adversity, known as booms and depressions. These trade or business cycles, as they are also called, have followed each other at intervals over the years.

Depressions occurred in 1836, 1857, 1873, 1893, 1907, and 1929. The wars of 1812-15, 1861-65 and 1914-18 were followed by recessions or minor depressions. There were intervals of 21, 16, 20, 14 and 22 years between the depressions, or an average of 19 years. In all cases the decline in the price and wage levels was not so great as the prior increase.

History has a tendency to repeat itself, and as the past is a criterion of the future, economic trends similar to those which have followed previous major wars may be expected. After the close of the first world war the cost of living in both countries continued to rise and in Canada reached a peak of 155.8 in July of 1920. This was the end of the postwar boom and a recession followed.

Since the termination of the last war a steady increase in the price level has taken place and the Canadian cost of living index in October stood at 159.6 and exceeds the peak of 1920. A comparable rise in the United States index has also resulted. In August of 1939 it was 98.6 and by September of 1948 had climbed to 174.5, but in October declined to 173.6.

For how long will this increase in the price level continue, how high will it go before the peak is reached and will the decline be precipitous as in 1920, or gradual? It is rather difficult, if not impossible, to make any reliable or definite prediction, as there are so many factors to be considered over which we have little if any control.

A stable economy in Europe, and in fact all over the world, is of vital interest and value to Canada and the United States, and both in recent years in an endeavour to effect this policy, have had rather a heavy load to carry. Canada has made gifts of around 3 and one-half billion dollars and 1 and one-half billions in credits, or a total of 5 billion, which is a large sum for 12 million people. The United States has also contributed very substantially to the solution of our international problems and the end is not yet in sight.

In 1939 Canadian exports totalled 925 million and in 1947 2 and three-fourths billion, over 500 million of which was on credit. It is not difficult to imagine what conditions in Canada would be if her exports were suddenly reduced to the 1939 level. The duration of this abnormal export trade of both Canada and the United States, largely financed on gifts and credit, will have great bearing on the continuation of our high price and wage level.

The other and equally important factor is the threat of another war. Are we to spend millions in Canada and billions in the United States preparing for a war which may never occur? The United States budget to this end for the coming fiscal year is understood to provide for 15 billion dollars. This preparation is our best insurance against war and will also extend the time when a recession may take place.

How high will the price level go before the peak is reached? In many instances wages have increased in proportion to prices, but a substantial part of the population is being priced out of the market and unable to meet their requirements from current income. In Canada and the United States the volume of instalment credit and personal loans has increased considerably and is an indication of a decline in the savings and other resources of a large percentage of the people.

A survey made in the United States a year or two ago indicated that 30 per cent of the people controlled 87 per cent of the savings, the next 30 per cent controlled 12 per cent and 40 per cent only one per cent. Another division was to the effect that 50 per cent controlled only 3 per cent. The United States will require the purchasing power of this 50 per cent if the flow of goods from its expanded industry is to be absorbed at the present high prices, and little reliance can be placed on their savings to this end. Conditions in Canada are probably along similar lines. As of October 31, 1946, 87.25 per cent of the savings accounts amounted to $1,000 or less, with an average balance of $170, and comprised 26 per cent of the total on deposit.

One-Half Paid Income Tax in 1946

Approximately one-half of those employed in Canada, or 2,353,122 persons, paid income tax for 1946. Of this number 322,710 earned $1,000 or less, and 1,243,770 between $1,000 and $2,000. This total of 1,566,480 persons represented 66.5 per cent of the tax payers. The earnings of 535,730 were between $2,000 and in the $3,000 and under category. Wages in general have not risen in proportion to the increase in the cost of living and the amount of income that can be diverted to the purchase of other than necessities is decreasing. It is questionable if prices can go much higher before the peak is reached.

Will the decline be precipitous as in 1920, or gradual, and which is to be preferred? The higher it goes, the

*As of November, 1948.

greater the fall will be, and in many respects the sooner it takes place the better. A gradual decline in the export trade of both countries and also in the amount spent in the preparation for war, would be of material assistance in a gradual levelling off of prices. In either case the backlog of demand as represented by need, and especially for housing, is such that after an adjustment in prices takes place, and to a lesser extent in wages, we should have good times for a number of years at least. It should be a recession, rather than a depression.

Our capitalistic or free enterprise system is the best ever devised. Its strongest defence against the inroads of the various "isms" is the success it achieves in offering a reasonably high standard of living to the people in the countries adhering to it. On this continent we have an international problem to solve in addition to our own, and this complicates the situation. There are so many factors influencing these cycles that their elimination is improbable and whether they can be controlled to any appreciable extent, remains to be seen.

Booms and depressions are mainly brought about through the fact that purchasing power is not continuously sufficient to absorb the goods and services that can be made available, and a surplus accrues. It is in no way a surplus in so far as need or desire is concerned, but a lack of cash or credit on the part of those willing to make use of them. As we approach the crest of a boom, stocks of merchandise accumulate, production is curtailed and unemployment results, thereby decreasing purchasing power. Further unemployment in all branches of industry and commerce follows and another depression occurs.

Eventually surplus stocks are sold, the replacement of inventories is necessary, employment conditions improve, the demand for goods increases, confidence is restored, plants are expanded, the depression is over and we are again on the upswing of a boom. This happened in all previous depressions except the last. After a duration of almost ten years, approximately 400,000 people in Canada were unemployed and a million more or less depended on relief when the war started. Conditions in the United States were even worse, as in 1939 there were 9.5 million unemployed.

Our system of machine production was so highly geared that goods could be made available in quantities in excess of the demand created for them by the labour reemployed and the wages paid. This resulted in a further surplus being created before all those able and willing to work could again be absorbed. The war solved the depression of the 1930's for us, but at what a price! We must make certain that if another depression occurs, it can be corrected in a different way.

General Standard of Living

Our problem is to continuously increase the general standard of living through making the most complete possible use of machinery and at the same time see that the ever-rising flow of goods and services can be absorbed. We are now doing considerable in the way of "distributing" purchasing power through family allowances, mothers' allowances, old age pensions and other forms of social legislation.

If the solution of our problems was as simple as this, no difficulty would be experienced, as other forms of allowances could be made to such an extent that the available purchasing power would always exceed the value of the supply of goods and services. Full employment could be readily maintained, depressions would be a thing of the past and life would be one continuous boom. Unfortunately, this is not the case and there is no easy "allowance" road to follow.

The real wealth of a country is not money that can be printed at will, nor the amount of savings on deposit in the banks. It is the natural resources, plant and equipment and other assets, together with the goods and services that can be produced thereby. Wealth is also the homes and the numerous things that contribute to comfortable living. The most valuable asset is the people themselves and the degrees of intelligence, initiative and skill they possess.

That Canada and the United States have made good use of their wealth is indicated by their progress over the years. Since the turn of the century industrial productivity in manufacturing has increased 180 per cent, in coal mining by 100 per cent and in agriculture by 50 per cent. That this has been shared by both owners and operators of the machines is evidenced by the decrease in the hours of labor and the increase in the wages paid.

The Problem of Production

We have solved the problem of production and to an appreciable extent that of distribution, as the standard of living is higher than anywhere else in the world. In 1939 the United States, with less than 7 per cent of the world population, had 72 per cent of the automobiles, 49 per cent of the telephones and 47 per cent of the radios. Canada's share was pretty much on a par.

The distribution of purchasing power is the transfer of the right to goods and services. If it is done gratuitiously and without value being given in the creation of goods and services, it is at the expense of the rights of others to them, and is one of the causes of inflation. That it can be done otherwise, is a fallacy and the basis for considerable wishful thinking. Inflation is an increase in the effective demand for goods, as represented by money and bank deposits, of a greater amount than the increase in the purchasable goods in the country or imported into it. During the war our currency in circulation was substantially increased and bank deposits expanded through the purchase of government securities by the banks.

This expansion was not used to produce goods for consumption, but to further the war effort. If similar methods were employed to create demand, the same inflationary results would follow, and there is a definite limit to the financing of prosperity through the gratuitous distribution of purchasing power. This is in effect, and rightly so, through our present system of taxation. In the case of the income tax especially, the heaviest burden falls on those most able to carry the load. So long as the extremes are not too great and government is conducted on a high plane of efficiency and economy, there is little ground for complaint.

The total of all forms of income represents a demand for goods and services of various kinds, and if distributed in such a way that it would absorb everything full employment could produce, there would be an equilibrium between supply and demand and our problem of booms and depressions would be solved. There would also be no reason why a steadily increasing standard of living could not be maintained.

A substantial part of this income is a surplus for the individuals concerned, or in other words, savings. If conditions are not favorable for profitable investment, their savings are withdrawn from circulation and if the portion of the total income which is spent is less than the value of the goods produced, a surplus accrues and a depression is on its way.

As we start the upswing of a boom and confidence is restored, the field for profitable investment enlarges considerably. Inventories are increased, plants improved, new machinery purchased and a general expansion of capital equipment takes place. This creates considerable employment and we are well on the way to another peak. The trouble is we go too high.

During a boom period while consumer credit is in the process of expansion, business gains an impetus to the extent of the total obligations which are incurred. This in no way enables people to buy more than they could for cash, especially if account is taken of the additional charges for the accommodation. In the majority of cases during the period that instalment accounts are being paid or loans retired, purchasing power is curtailed to the extent of the payments made. This expansion of consumer credit tends to heighten booms and deepen depressions. After a peak has been passed and consumer credit is contracting, the retirement of an accumulation of debts at a lower wage level extends the time when the upswing will take place. Consumer credit has a vital part to play in our economy and if commitments are kept within reasonable bounds of capacity and the debt structure is not made too great, the benefits derived outweigh the detrimental features.

Increase of Capital Investment

The increase of capital investment during the upswing of a boom is largely responsible for the height it reaches. With an increasing demand for goods and rising prices, the investment outlook is naturally favorable and advantage is taken of it. Surplus income in the form of savings is diverted to it, either directly or in the form of the various types of credit.

This money creates employment, further increasing the demand for goods, boosts prices still higher and for a time makes the situation more attractive from an investment standpoint. Eventually the new plants and equipment satisfy the demand and the peak is reached. It is higher than it would otherwise have been.

Capital investment also includes expenditure for housing of all kinds. During a period of prosperity the demand for accommodation usually exceeds the supply and construction is greatly encouraged. This also creates employment, distributes purchasing power and exerts further pressure on the expanding economy.

Our free enterprise system operates through the law of supply and demand and, under normal conditions, with little government interference. It is directed and controlled by the judgment exercised and the decisions made by the people as consumers and in the various lines of business in which they are engaged.

The successful control of this free play of personal initiative is yet to be determined. There should be no occasion for intervention on the part of government so long as business functions properly. An opportunity, however, must be provided for all those willing and able to work to earn sufficient for a reasonably high standard of living. Failure to accomplish this is a serious reflection on the free enterprise system and an invitation for untried experiments.

It is questionable if a steady and regular increase in living standards can be maintained and booms and depressions avoided entirely. The best we can hope for is to reduce the extremes. We also must solve the problem of machines producing more goods than the purchasing power distributed for their consumption.

To shorten the hours of labour and decrease wages so as to create more employment is no solution, as it does not increase the over-all effective demand for goods. The owners of the machines are entitled to a wage in the form of interest and profits on their investment and also on the other parts of the plant and equipment which make the operation of the machines possible.

Notwithstanding the comparatively high standard of living in Canada and the United States, there is still a large part of the population whose income is insufficient for much above the bare necessity level. There should be no occasion to consider the curtailment of production so long as this condition exists.

Unfortunately there is a continuous conflict between certain sections of capital and labor as to the division of the income dollar. Capital is entitled to and must be satisfied with a fair return on its investment. Labor is also entitled to a fair share, which is largely based on the real value of the dollar. High wages do not necessarily reflect a high standard of living. A proportionate increase in productivity is required to offset an increase in wages.

The problem is to convince labor both in theory and effect that this increase in production will not tend to advance the day when another surplus will accrue and a depression take place. The hardwood lumber industry recently reported that compared with 1939, their prices were up 330 per cent and production 128 per cent. The hourly production per worker was only 68 per cent of 1939 and production per dollar paid in wages 38 per cent. Other industries could report along similar lines.

Foreign trade is a vital factor in the prosperity of Canada. We have a substantial surplus of certain raw materials which must be exported. We are also dependent on imports for numerous manufactured goods. We cannot expect to sell and not to buy, nor can we be expected to buy unless we can sell in foreign markets. The more we can manufacture at home, with certain qualifications, the less complicated our problems will be.

The test of the value of an import duty is the employment created by the protection afforded plus the revenue to government derived thereby. If through inefficient operation or other reasons, the difference in price to the consumer between the protected and duty free article is out of proportion, our standard of living suffers. The saving through free importation would divert purchasing power to other goods and absorb any unemployment created.

During recent years our foreign trade situation has become complicated. Under normal conditions our gold production, American tourist and investment dollars, and a favorable dollar balance from Empire trade, enabled us to take care of our purchases from the United States. The credit extended by us, and to Britain especially, has changed all this, with the result that our purchases from the United States have been substantially curtailed.

(To be continued next month.)

3 *Simple Steps*

Cut "Charge and Take" Time in HALF!*

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2 Call is automatically connected to credit department, and credit authorizer answers. Clerk identifies customer, gives necessary details and places sales slip in perforator mounted on phone.

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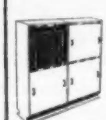

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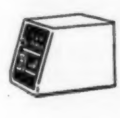

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Credits,

Collections,

And Skip Tracing

A. M. Tannrath
Author of, "How to Locate Skips and Collect," Chicago, Ill.

A SALE IS NOT a sale until the bill is paid. This holds true especially when selling on the installment plan. I believe credit and collection men worry too much. They say these are two jobs that breed ulcers. There is some truth in this as I had mine cut out about a year ago.

Handling Accounts Properly

If accounts are handled properly, they should not be above 1 to 4 per cent past due. When you take this into consideration, these are really the accounts that bear watching and attention. The majority of the accounts respond to normal dunning methods by collection clerks; therefore, the collection manager should not worry about this class of accounts, but concentrate on this 1 to 4 per cent, keep a proper follow-up and watch them closely. This part of the collection problem will then be simplified. There is only one way to keep a constant follow-up on poor- or slow-paying accounts. You cannot do it from memory or from memos on your desk pad. The only sure way is through a tickler system. It is a difficult thing to get a person to inaugurate and keep a tickler system. All that it requires is a 3 x 5 index card and a small file and a set of date indexers. On the index card write the name of the debtor, provided your accounts are listed alphabetically and if numerically, then the name and number. These cards are filed by date to come up when you want them and this should be the first job each morning. Take out the cards that are due that day and handle them. You will find that you have only a few cards under each date and that it takes only a short time to handle them.

When a customer makes a promise to pay, always be certain there is a definite understanding as to the date, time and amount. Many times a customer will say, "I'll send some money next week." Pin him right down to the day, time and amount. Put your tickler card under that date and a notation should be put on the ledger card or sheet. The above applies to personal contact or phone calls. Should a letter be received from a delinquent which is indefinite and you cannot contact by phone, then your reply should be brief, definite and to the point, telling the customer what you expect and when. Never let a promise go by default more than one day. If you forget, they will not remember.

For example, a customer who had made a number of promises to pay and was phoned each time after his failure to remit was very much upset when he was called after his third or fourth promise and became very abusive, stating he did not want to be bothered and would pay when he could. He was told very quietly, "Just a moment, Mr. Jones. What are you so upset about? We are the ones who should be upset after the way you have given us the run around, but we have always tried to be gentlemen in view of your insincerity. Now let us get down to brass tacks and try to get this account settled." He came through and definite arrangements were made which he kept.

Follow Up Your Threat

Never try to bluff or threaten a debtor if you cannot follow up your threat or bluff. This calls to mind a small account that was long past due from a lawyer. The balance was about $6.00 and should have been forgotten but the collection clerk had a pet peeve against him because she could not get him to pay. She did not realize that her approach was all wrong, and he no doubt was laughing at her. One day she was so provoked at him she yelled over the phone, "If you won't pay, we will sue you." Of course, this was ridiculous, telling anyone you would sue for $6.00; especially a lawyer. The point is, it is silly to lose one's temper in trying to collect any account. The thing to do is to find the angle which would enable you to enforce collection, whether large or small balance. Unless you can collect otherwise, the best thing to do is to go along doing the best you can to get payment, although it is provoking and discouraging at times, but you cannot get blood out of a turnip. On one account we got the angle through a slip of the tongue on the part of the debtor. This was a case where a police officer bought a movie camera outfit, then lost his job and skipped. He had made the down payment. After a short time we got a line on him and demand was made for payment or return of the camera. He promised several times to pay but never kept his promise. This account was sent to the legal department for a malice judgment but instead they took a straight confession on the contract. He came to court and while waiting for court to convene, was heard to remark that he would not pay a cent as he was leaving the state to open a tavern and that he had a deposit up with a fixture company, giving the name of the company. This information was given to our lawyer

and the next day a garnishment was filed with the fixture company and the money was paid to us which was enough to cover his account.

It is better to go along with them and it may be necessary to accept a number of promises until you find out how you can enforce collection. They will make promises, they will lie, they will say they have sent the payment or make any excuse. If you continue to contact them, either by phone or letter, always being pleasant, you will have much better results than by trying to bulldoze or threaten them. If the time comes when you have secured information whereby you can collect the account through taking a judgment, that is a different story. Still keep your temper and tell them you are sorry you have to garnishee their wages, or make a levy on their business, but they have forced you to do it. You dislike very much to do this, but you have no other alternative. After you have given them every break in the world to make an amicable settlement of the account and they do not do it and it becomes necessary to enforce collection, they will still be your friend if you handle them properly in the beginning. Sometimes good accounts go bad through adverse conditions over which the debtor has no control and in cases of this kind, their good will should be retained by giving them due consideration. When they get back on their feet, they may again become a good account. Always try to put yourself in the other fellow's place. If you have had hard going some time or other, it will be easy for you to see what the delinquent may be up against, as the time may come when you may want a favor or consideration.

Every person who intends to make a career of credits and collections should have a good knowledge of commercial, collection and bankruptcy laws. You will find this information invaluable in successfully making collections on hard accounts. You will know what your rights are in enforcing payment. You might say, "Let our lawyers or legal department handle these matters," and this may be all right as far as taking a judgment but you still have a collection problem and it is up to the collection department to give the information necessary to make your money as every lawyer is not a collection man nor does he know all the angles.

System For Locating Skips

Many years ago I started a system for locating skips and improved on it as new ideas came to me. It is systematized in such a way that it can be successfully used by anyone with intelligence. Through this system, the majority of all the skips can be located but when you get to the hard ones, that is a different proposition. To be successful in locating the hard skips, you must not overlook anything. The simplest lead may be the means of your success. A memo of an address or a telephone number that has been jotted down by someone. The principal clues are the easiest ones to overlook. It requires ingenuity, foresight and thoroughness. You may not find this clue the first time you handle this account, or the second or third, but eventually something will turn up that will enable you to get a lead and locate your skip. After locating the skip, then begins the problem of collecting. Your approach should always be polite. Courtesy costs nothing. Never put yourself in a position where you will have to apologize or be on the defensive. You have a legitimate bill to collect and to be pleasant about trying to collect it will get you much further than by antagonizing the debtor. After you locate the skip, it is your job to find some means of collecting, providing they do not respond to regular dunning methods. After you have found a job, car, place of business, or something tangible whereby you can enforce collection, then, of course, your task of collecting is much easier. In contacting the debtor for the first time after locating, you will find many surprises, especially on accounts where no action has been taken for a number of years. Once a man was located in a suburban town. There had been no contact on the account for six years. His name was found in the suburban directory and he was called. I told him my name and said, "Mr. Jones, what about that old account of yours that is six years past due?" and he replied, "How much is the balance on that?" I told him and he said, "I'll have a check in the mail today." He kept his word.

Reverses of People Who Skip

Many people who have skipped and left their accounts unpaid have had reverses. Their first thought is to provide for their families, not to pay any old bills, and many when they get back into better circumstances still forget to pay them. After you locate them and they are contacted in the proper way, you will find you will be successful in almost every case in getting your money. Never lose your temper. Never let them get you behind the eight ball. Always be on the offensive.

There was a skip on a large balance and he was found in jail. After his release he went into hiding but his sister was found. She would not tell where he was but said she would like to pay the balance but did not want her husband to know and would start paying as soon as she could. We kept in touch with her for a year when she finally started to pay and paid the account in about six months.

The hardest skips to locate are single girls who get married and move to another city who had only a few casual acquaintances, and the married couples who separate and go their different ways.

When the balance on the account makes it worth while, never give up. As long as the skip is still alive, the chances are ninety-five to one you will locate him.

★★★

Thoughts on Regulation W*

BONNAR BROWN
Stanford Research Institute, Stanford, California

ON ANY important issue, the people taking any particular side of the question are likely to do so for differing reasons. Certain arguments are considered important to one group; different arguments determine the position of the others. So too, on the question of consumer credit regulation as administered under Regulation W.

The purpose of this article is to set down a number of arguments for regulation which were brought to my attention during the time I was associated with its administration by the Federal Reserve System. This résumé is not to be taken as presenting my own views nor would I wish to suggest that it represents the position of the board of governors. It is simply a collection of reasons advanced most frequently in support of regulation.

In order that everyone may know exactly what issue is involved, it seems advisable to outline the character of the regulatory authority. Regulation W was originally introduced in September, 1941, at a time of national emergency when the country was faced with the possibility of war and a large defense program was being undertaken. The circumstances today bear some similarity to those existing at that time. Present legislation expiring June 30, 1949, authorizes regulation in language identical to that used in the executive order upon which Regulation W was originally based, with the exception that it is now restricted to instalment credit, and the enforcement machinery has been amplified.

Arguments Applicable to Future

The arguments here presented, however, include not only those relating to the current situation but also those applicable to the indefinite future. In other words, the proposal contemplates an act of Congress that would be a permanent part of the nation's credit control legislation under which, as modified from time to time, the Federal Reserve System has operated since 1913. The fact that the authority would be permanent—subject only to repeal by Congress—does not mean, however, that the regulation would have to be kept operative under all circumstances or that it could not be changed. The Federal Reserve Board would be able to modify it to meet changes in economic conditions and could suspend its operations.

One of the arguments favoring regulation grows out of concern for the welfare of the family, particularly the family of low income. Much is made of the frequency with which the assumption of heavy credit obligations is associated with family financial difficulties and the social disasters which so often follow. It is recognized that the losses to creditors on instalment debt have never been very high even in a serious depression, but it is pointed out that the very effort made by the family to pay off this debt makes necessary a curtailment of expenditures and sacrifices which impair the ability of the family to maintain its stability.

More substantial down-payment requirements and heavier monthly payments, it is said, would lessen the likelihood of families assuming obligations beyond their capacity to pay without distress. Also, with a larger equity and a shorter period of payment, declines in income, which affect some families even in times of high employment, would not result in such serious difficulties.

Another characteristic of unregulated instalment credit that troubles those interested in family welfare is the fact that the heaviest use of credit and the largest purchases of goods bought on credit occur at the top of the boom when prices are at a peak. The credit is paid off and purchases are necessarily curtailed in the ensuing depression when prices are low. They feel that the families of low income would receive more real value for their expenditures if credit terms were tightened in the boom and relaxed in the depression, thereby discouraging such extensive buying at high prices and making more funds available when they will go farther.

A second set of arguments relates to the effect of unrestrained competition in the field of credit terms upon retail dealers and others extending credit. The effort to expand sales by offering lower down-payments and longer maturities can result in a competitive race which will quickly bring terms that represent credit risks beyond the limit which many feel justified in incurring.

These terms actually may reach a point where they are "easier" than necessary to induce customers to buy. But the race goes on with the result that expenses are raised and risks of loss increased without much benefit to anyone. Many dealers feel that they are forced to go along with the trend in spite of their best judgment. Lower down-payments and longer maturities, moreover, may not be considered to be to their best interests over the long run in their customer relations.

In addition to the fact that a customer who gets into trouble on his account is not as likely to continue to buy at the same store, it may be more advantageous to keep a customer buying fairly regularly than at long intervals. A customer who is loaded up to the limit for a long period ahead is not the kind that can so easily be kept attached to the particular dealer.

Some dealers, particularly small dealers, are seriously affected by the absorption of working capital or by other burdens on their financing arrangements which result when instalment receivables mount to a high point. In spite of the facilities available for the cashing in of their paper, certain disadvantages flow from its disposition.

Dealing With Customers

Methods of dealing with the customers may change, costs increase, and while funds are obtained, contingent liabilities frequently remain. Moreover, there is considerable difference in the accessibility of dealers to secondary sources of funds. The large, well-established dealer can sell his paper on a favorable basis.

*From *National Furniture Review.*

Small dealers and those who have begun business fairly recently may have much difficulty and in some cases can find a market for only a fraction of their paper. Those who are subject to these various handicaps are at a considerable disadvantage which they regard as unfair, as compared with their competitors. They feel that their business is selling goods rather than terms and that competition which does not benefit the customer in lower prices serves no useful purpose.

One of the arguments that has been put forward most frequently in the past few years is that the expansion of instalment credit contributes to inflation and regulation is needed in order to restrain this tendency. Speaking generally inflation is a condition which develops when money available to buy goods is increasing but there are limitations on the supply of goods which can be bought. More money for the same amount of goods means a rising price level. We had this condition during the war although in considerable measure it was suppressed by direct controls. We have had it also in the postwar period.

Reconversion of industry from war production had virtually been completed early in 1947, and since then there has been practically no rise in the physical volume of goods for sale. Both labor and facilities were being used at the highest practical level. At the same time, expansion of credit was adding to the supply of money.

The anti-inflation argument is that regulation would prevent material additions to purchasing power in a period when it would not increase output. It is well understood that the present amount of instalment credit, while at record heights, is not as large relative to national income as it has been at times before the war. The essential point is that *any* addition to purchasing power under the circumstances described, at whatever level of credit it may occur, is inflationary.

Furthermore, it is maintained that, as a result of the flow of money through the economic system, the ultimate effect of a given amount of instalment credit expansion is several times the original amount. Through a series of transactions, the money used by the borrower in the first purchase becomes income to others, so that they in turn are in a position to spend more.

Those who are concerned about inflation would agree that conditions will change and that a time will come when the regulation would no longer be needed for anti-inflation reasons. They feel, however, that inflationary pressures are very likely to be present in some degree over a considerable period in the future, in consequence of the expenditures forced on the government by international developments. Therefore, authority should be given to permit action to suit the circumstances.

Prices on Instalment Credit

A number of those sympathetic to regulation have felt that the prices of certain durable goods commonly bought on instalment credit have been out of line and could be reduced or at least kept from getting further out of line by regulation of terms. This view is somewhat similar to that just outlined in the previous section but with the outstanding difference that it relates to the prices of specific commodities and not particularly to the general price level.

The type of situation about which they are concerned is illustrated by the experience with automobile prices over the last few years. Potential demand was particularly heavy and production was limited. The actual market price for a new car, which was reflected in the used-car market, was considerably higher than the cost of production and distribution, plus what was thought to be a reasonable profit. This actual price, on the majority of cars, ran several hundred dollars above advertised delivered prices established by the manufacturers.

It was the result, not of unfair practices on the part of dealers, but of the fact that there were enough people who were willing to pay the higher price to take up all the cars available, a simple operation of the usual laws of supply and demand.

The position of those holding this view is that in circumstances where demand factors are exceptionally strong and production cannot be expanded to meet them, the demand situation should be brought into better alignment with the supply situation by measures which tend to reduce potential demand.

Since potential demand is related to the terms on instalment credit in the case of the items under discussion, restriction of terms would be influential in the desired direction. At least, they say, terms should be prevented from becoming progressively looser and the demand-supply relationship from getting further out of line.

This view also takes account of the probability that the production of consumer durable goods cannot be expected to expand materially over the next several years and may even have to be curtailed because of the needs of the military and associated government programs.

Minimize Economic Fluctuations

Last in this list of arguments is one which considers regulation from a somewhat longer point of view. It starts with the assumption that this country must find some way to minimize economic fluctuations and to prevent serious depressions. This is in fact the declared national policy embodied in the full employment act of 1945. Regulation of consumer instalment credit on a flexible basis is thought to be one of a number of measures which can be used to help keep business activity stable at a high level over the years.

A part of the reasoning behind this position is basically the same as is found in the views of those who are concerned about inflation. It is desired to supplement the authority of the FRB in order to achieve greater stability in the monetary system. Consumer credit regulation would be one of the tools employed by the board in the effort to keep the money supply in better balance with the development of our economy.

There is another aspect of regulation which is also felt to be of considerable significance. Instalment credit is largely used in the purchase of consumers' durable goods. Fluctuations in the demand for such goods have in the past played an important part in booms and depressions. Because of the long life and the deferrability of their purchase, consumers tend to load up in boom times and drop their buying to a very low level in depressions.

The changes in employment and incomes for those engaged in supplying these goods can have serious repercussions on business activity, drawing resources from other fields when general employment is at high levels and setting off a strong cumulative decrease in buying when

(Turn to "Regulation W," page 27.)

That Touch Of Human Kindness

Mrs. Marie Murray, *President*
Credit Women's Breakfast Club
Madison, Wisconsin

"The time has come to talk of many things." The Walrus could say that again. The members of the Credit Women's Breakfast Clubs of North America can concur with the Walrus (of course you're remembering the immortal Alice and her adventures) about the number and diversity of the things which need to be talked about in our day. They know, further, that the topics which engage their interests are of far greater importance than the cabbages, sealing wax, and Kings which worried his Majesty, the Walrus.

They know, too, that mere talk will not suffice to effect peace and harmony in the lives of individuals nor in the social pattern of nations. What we need in business, social and domestic life is to set aside a definite period each day (it may be only ten or fifteen minutes) in which we may meditate on the futility of the pell-mell rush and bustle of daily living.

Such a practice will engender the calm, quiet manner which in time might recreate in us calm, peaceful thoughts. The quiet manner will be a restful antidote for our nerve-wracked associates and a key to happier homes, to better government and to ultimate World Peace.

If we can each slow down the tempo of our living and can demonstrate to those in our business the immense advantages of living more slowly, more quietly, more thoughtfully, before long our whole environment will be changed.

Once we have made some headway in this slowing down process, we will find it quite simple and really a joy-giving practice to think of the good we could do for others, of the inspiration we could bring to those in perplexity and discouragement, of the charity we could extend to overworried, anxious, overworked companions. The rewards will be satisfying, because they will build up for us the kind of place we want to work in and the kind of world we want to live in.

Every human being thrives on understanding and appreciation. Every human being, from the highest paid executive to the most humble employee, needs that fr'.ndly "pat on the back" and neither understanding nor "friendly pats" can be measured or doled out in dollars. It has to come from the heart.

Every employer or executive should learn the value of "that touch of human kindness" which acts like a powerful stimulant in its effect on both quality and quantity of production. He should take a human interest in the welfare of each and all, know their characters, their habits and their weaknesses, and should have a feeling of generosity and loyalty. A few luxuries and comforts provided also bolster the feeling of pride and the morale of the employee, and are a challenge to each individual worker to take pride in his work and to give the best he has in return. A mutual respect of an employer for his worker, and of each worker for his employer is the lasting answer to better working relationships. ★★★

The Department Store Story (Frank M. Mayfield, Fairchild Publications, 7 East 12 Street, New York 3, N. Y., 260 pages, $5.00). The intriguing history of early merchandising and its evolution into the present-day colossus of retail business, the department store, has been colorfully depicted in this new book. Mr. Mayfield knows his subject intimately, having been president of Scruggs, Vandervoort & Barney, one of the largest department stores in the country, for almost 25 years. In the last half century, the author points out, the department store has become big business, a business which was responsible for the sale of some $10 billion worth of merchandise in 1948. While the initial chapters delve into the romantic background of retail distribution, it is the department store itself that is the star of the narrative. Parts II and III are complete and authoritative treatises on the complex organization of the department store. Mr. Mayfield describes its organizational setup, and tells how it operates, how merchandise is bought, how it is sold, and the role played by every employee from the store head to the stock boy. He shows, too, how the department store exerts its influence on community life through promotion of and participation in civic enterprises, by providing a source of employment for thousands of people, by raising real estate values, etc. This book is no cut and dried analysis, but an engaging story of a large segment of American business. The author gives credit to the "great names" in department store pioneering and growth, and enhances his subject with anecdotes which add charm and fascination of retail trade. This book will provide anyone connected with retail industry a greater appreciation of the complexity of this type of outlet. It will also bring to all readers who have never done business with a department store a greater understanding of what goes on behind the scenes of a great institution which is often taken for granted.

Public Relations for Retailers (Tom Mahoney and Rita Hession, The Macmillan Co., 60 Fifth Avenue, New York, N. Y., 248 pages, $4.50). This is the first full length book on public relations in the retailing field. Chapters are devoted to the relations of stores with employees; with men, women and teen-age customers; with suppliers; with stockholders; with community affairs; with competitors; and with the press. Other chapters discuss the public relations aspects of advertising, problems of credit and adjustments, the place of public relations executives in store organization, and the importance of attractive physical facilities, lighting and air conditioning to the modern store. The book grew out of a study made by the authors for Federated Department Stores of retail public relations in six cities. In addition, the illustrated, indexed book contains detailed material on the public relations programs of Macy's, Lord & Taylor, Sears, Roebuck and Co., A & P Stores, Rich's, Neiman-Marcus, Marshall Field, Safeway Stores, and others.

Boston Conference Notes

Resolutions

Regulation W

WHEREAS, the National Retail Credit Association is comprised of a membership of over 25,000, representing all types of retail business, including representatives of utilities, banks, financial and loan companies, furniture and apparel stores and other types of business that grant consumer credit, and

WHEREAS, in the Spring of 1943 this Association, in cooperation with the United States Government, cancelled its annual convention and instead thereof held in the City of St. Louis a credit forum for a discussion of Regulation W, attended by approximately 175 regional representatives of the United States, and,

WHEREAS, at said Credit Forum and at the Annual Convention of this Association held in Milwaukee, Wisconsin, the year 1944, the members of this Association voted that it was their opinion Regulation W should be discontinued at the end of World War II, and

WHEREAS, it is the opinion of this Association that there is now not present any need for governmental regulation of consumer credit and that the extension of sound credit, charge account and installment credit should be left to the good judgment of the credit executives of the country, who functioned so well in the inflation year of 1929 and the following depression years that the merchants they represented lost only 1 per cent on charge accounts and less than 5 per cent on installment accounts during that period, and

THEREFORE, BE IT RESOLVED, that this Association present this resolution to the Board of Governors of the Federal Reserve System; The Honorable Burnet Maybank, Chairman of the Senate Banking and Currency Committee; The Honorable A. Willis Robertson, Chairman of the Sub-Committee of the United States Senate; charged with investigating the advisability of extending Regulation W; and to The Honorable Brent Spence, Chairman of the House Committee on Banking and Currency of the Congress of the United States; declaring that it is the opinion of this Association, in convention assembled, that Regulation W relating to installment payments should be discontinued as of the date on which the present power of the Federal Reserve Board expires thereunder, that is June 30, 1949. That the Association instructs Lindley S. Crowder, General Manager-Treasurer, its executive officer, to present copies of this resolution to the above named Federal officials.

Unsound Credit Terms

WHEREAS, the membership of this Association is comprised of more than 25,000 representing all lines of retail business where credit is extended to consumers, and

WHEREAS, it has been noted that there is an increasing tendency in various communities to advertise the sales of merchandise upon credit terms which may impair the credit stability of customers and prospective customers, and,

WHEREAS, it is a well-understood principle with credit executives that to promote the economic welfare of retail establishments and the communities of which they are a part, it is the merchandise which principally should be advertised and not consumer credit terms; and

WHEREAS, it is the sense of this convention that the experience of the past five years has demonstrated the terms and conditions upon which consumer credit may be safely extended,

THEREFORE, BE IT RESOLVED, that the membership of the National Retail Credit Association, in convention here assembled, do hereby declare their intention to continue the conduct of their businesses upon sound credit terms; and that it is the sense of this meeting that the advertising of unsound credit terms in an effort to build sales is an uneconomic, destructive practice.

Economy of National and State Governments

WHEREAS, the National Retail Credit Association is comprised of a membership of over 25,000 representing all types of retail business, and

WHEREAS, such membership is largely composed of the credit executives of such retail establishments who are in constant touch with the economic situation of this country, and

WHEREAS, it has been noted that the President's budget estimates have predicted a national deficit for the Federal Government of $800,000,000 for the year 1949, and continuing deficits predicted for the years 1950 and 1951, and,

WHEREAS, it is the considered opinion of the members of this Association that this country is passing through a period of extremely sensitive economic uncertainty, with unemployment gradually increasing and that any demoralization and weakening of the fiscal and economic stability of this country might create a grave impact upon its private enterprise system, and

WHEREAS, it has been noted that programs have been presented to the legislative bodies of the Federal and State governments which would cause tremendous expansion of Federal and State expenditures, and that there is a generally prevalent tendency in that direction in both Federal and State governments, and,

(Turn to "Conference Notes," page 17.)

Compare with Door-to-Door!

Our unique merchandise-fashion approach is opening

new accounts for 75¢

3000 new accounts opened for Goerke's, N. J. bought the first year **$301,000** (cost: 2% plus)

Our unique merchandise-fashion approach is reviving

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3725 or 50% of a famed Texas store's inactives bought within 6 months **$241,000** (cost: ½%)

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Are Liberal Floor Releases De-Controlling Credit?

WILLIAM J. KIRBY, ***Credit Manager,*** **Gilchrist Co., Boston, Mass.**

IT HAS ALWAYS been the dream of most credit managers to devise some method whereby charges by a customer could be automatically approved on the floor. I have often thought how wonderful it would be if when Mrs. Jones shopped in our store we could give her whatever she wanted right then and there and that if Mrs. Jones was not the person to whom credit could be extended, some automatic warning, silent to her, would be given so that I could politely tell her we would prefer cash.

This Utopian dream has some practical aspects. If we could operate in this manner think how streamlined and simple a credit department operation would be with no applications to be taken and cleared, no Charga-plate or identification card, no authorizing, just billing and simple collection procedures. But human nature being what it is, such a deal is just not in the cards. However, during the past two or three years, many of us have been travelling along a blissful road with, I am afraid, our heads in the clouds. By increasing floor releases from zero to almost no limit in a few stores, I am wondering if, because the road is so broad and easy, we are not being lulled into a delightful daydream from which we will some day have a rude awakening.

Let us review for a minute the development of this departure from what was considered sound credit extension. Before the war, in 1939 and 1940, most credit managers felt that the more authorization by the credit department, the sounder was the practice and the more liquid were our accounts receivable. At this time, we would release nothing on the floor unless the Charga-plate was presented and then only if the sale was under $10.00. During Easter, Christmas and our annual sale, the limit on plates was raised to $15.00. This general practice was followed to a large extent by most of the Boston Stores at that time.

During the war, because of the effects of Regulation W, merchandise shortages and the increase of ready cash in the public's pocket, a strict authorizing policy seemed less necessary. This train of thought was strengthened by four practical and plausible arguments:

1. The public was given better service especially during peak hours and peak seasons.
2. Salespeople were able to turn over customers more quickly and thus increase volume.
3. Credit office expense was reduced through a decrease in authorizing costs.
4. Because of the increase in the average sale, the same rules did not apply as before the war. I grant that these reasons, especially the first three, are excellent arguments but the question I ask is, "Are they now so dazzling as to blind us to dangers ahead?"

In 1946, we decided to raise our floor limits to $10.00 without a plate but upon satisfactory identification by the Section Supervisor and to $25.00 with the Charga-plate. In addition we eliminated in our authorization department our positive index file and substituted a negative. This resulted in reducing our authorization staff by 50 per cent. For a year or so everything seemed fine. Our loss did not seem greater than previously nor did we have any unusual amount of fraudulent charges or large load-ups. During the past year, however, the picture appears to have changed considerably. We seem to be running into more overlimits than ever before while suspended accounts refuse to stay suspended but pay something on account and then proceed to charge.

Our outright fraud sales do not seem to have increased, but what we consider load-ups have, despite the fact that we have a fairly close check on sales and have, we believe, our stuffers well trained to refer overlimits. Names of fraudulent accounts and flagrant overlimits are posted at all Charga-plate desks and we give a reward of $10.00 to any salesperson picking up a plate that has been listed. Despite these controls, our six-month charge-off as of January 31 had the largest gross of any six-month period since January, 1941, while the number of balances of $100.00 or more was the greatest since that period.

I believe that this trend of overbuying is due to several causes:

1. The after-war breakdown of a sense of responsibility on the part of many people.
2. The domestic maladjustments of many couples married during and shortly after the war.
3. The high cost of necessities now being felt by many whose take-home pay no longer includes overtime pay.
4. The temptation offered by us through liberal floor releases.

The problem to be faced (and I am not at all sure of the answer) is whether these four conditions will continue indefinitely, making a liberal policy of doubtful value. The problem is further complicated by the intangible savings that we are sure are made. Along with concrete savings are the not too evident savings in customer and salespeople time worth the extra cost of liberalizing floor release rules.

In spite of these apparent and non-apparent savings I have an uneasy feeling that present liberal floor releases do de-control credit. ★★★

Ever Loaned Your Credit World?

WE'LL WAGER you've often said: "You must read this article in The Credit World . . . here, take my copy!" That's why we thought you'd like for us to send a free copy of a recent issue to friends of yours who have not really "discovered" how stimulating The Credit World can be.

We will be glad to send a copy to as many as five of your friends if you will send us their names and addresses. There is no cost to you or your friends, however, if they indicate to us that they want to receive it regularly, their membership will be solicitated. Address, National Retail Credit Association, 218 Shell Building, St. Louis 3, Missouri.

Report of the President

Dean Ashby

IT IS FITTING for me as your retiring President to discuss my stewardship of the past year and make some observations that seem clear to me as one who has been closely associated with the scene of activity for the past 12 months. At the outset I want to tell you I am proud to be associated with this organization because of the type of credit men and women which make up the membership and because the N.R.C.A. has "spark plugged" many of the activities that have been carried on throughout the country. It has been a great experience and one that I shall cherish for the rest of my life. I pay tribute to the credit men and women who have contributed so generously of their time and effort to make this a better National Retail Credit Association without which this job could not have been done.

Our finances are in a strong position with a cash balance including cash and bonds of $29,370.78 as of May 31, 1949. The total current assets, including Accounts Receivable, were $57,110.07 with no indebtedness. If you would like to have some other highly interesting information about the N.R.C.A., I recommend the careful study of The CREDIT WORLD, official publication of this Association which has been distributed monthly to over 25,000 members throughout North America. I strongly urge that you read it carefully so that you may have a more intimate understanding of what we now have and a vision of what we can have if we build carefully.

Arthur H. Hert, our Secretary, Research Director and Associate Editor of The CREDIT WORLD, has made a conscientious effort to continually improve the value of our publication. To him we owe a debt of gratitude for this contribution.

Lindley S. Crowder, our General Manager-Treasurer, has given of his counsel and advice through my term of office. To be associated so closely with a man of his caliber has given me much inspiration to carry on the ideals of the National; to him I wish to express my most sincere appreciation for his help.

I make particular acknowledgment of the committee service which has been outstanding. Their help and the effort of those who have served well to meet their assignments contributed to a successful year.

Especially do I wish to congratulate the General Membership Chairman, Earl Higgins, and his Committee for an excellent job in exceeding the 25,000 mark, an all-time high, this past year. A great deal of credit for this achievement is due Mr. Higgins and his hard-working Committee. During this year I have had the opportunity of working very closely with the Membership Chairman and I am quite conscious of the fact that he has given much of his valuable time and effort because of his keen interest in the National Association. We are indeed proud of his accomplishments and say "thanks" to Earl for a job well done.

All legislative matters in Washington have been taken care of by the Legislative Committee which has constantly kept in mind the interest of all the members. Two meetings were held in Washington, one in October and one in February.

I wish to compliment the Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America for a year of splendid achievement in their respective fields. They are an important part of this organization and have cooperated in every way, which has been an inspiration and very valuable.

One other group that deserves the thanks of the membership, as well as my thanks, is the National Office staff. I don't believe there is a finer group, or a better staff, in any organization. They merit our highest commendation.

I ask your continued support of our Association and of its new officers, also your continued interest in the solution of credit problems that face us because this is a continuing task. No organization ever reaches the acme of success, but they strive for it and by striving add to its character as well as to its resources. ★★★

Report of the General Manager-Treasurer

L. S. Crowder

IT IS WITH PLEASURE that I submit annual report, my fifteenth, covering our results for the fiscal year ended May 31, 1949. The year has been a very successful and a very active one.

Finances

Cash on hand and in banks amounted to $15,370.78. Of this sum $5,787.26 is on deposit with the Dominion Bank, Vancouver, B. C. United States Bonds $9,000.00 and Bonds of the Canadian Government, $5,000.00, increased the total to $29,370.78. This compares with balance of $25,001.79 on May 31, 1948, an increase of $4,368.99.

Membership

Our total, as of the end of the year, was 25,436, a gain of 2,150. General Membership Chairman Earl Higgins of Omaha and his committee have worked faithfully and with excellent results. There were eighteen National Units organized in the United States, one in the Province of Saskatchewan, one in the Province of British Columbia and one in the Province of Alberta, Canada.

Credit Education

There has been continued interest in credit schools throughout North America, Phelps' *Retail Credit Fundamentals* and Marra's *Streamlined Letters* having been used as textbooks. The demand for Phelps' *Important Steps in Retail Credit Operation,* and Butterfield's *How to Write Good Credit Letters* has been fair. Both books should have a steady sale for years to come.

It is a pleasure to inform you that our new book, *Retail Credit Management*, by Dr. Clyde Wm. Phelps, Professor of Economics, University of Southern California, Los Angeles, is just off the press and is now available for sale to individual members and for credit school purposes. The Chairman of our Educational Committee, Frederick W. Walter of the Bailey Company, Cleveland, commenting on the book, wrote: "You are going to have a fine book in *Retail Credit Management*, and I shall be looking forward to the copy which will be on the way shortly."

Washington Representative

It is a pleasure to report that, following our Legislative Committee meeting in Washington on October 20, 1948, Past President Joseph A. White, Chairman of the Committee, Harold A. Wallace, Executive Vice-President of the Associated Credit Bureaus of America, and I arranged with the firm of Clagett and Schilz to represent the N.R.C.A. and ACBofA as Washington Counsel. Both Mr. Clagett and Mr. Schilz were formerly Special Assistants to the Attorney General of the United States in the Anti-Trust Division of the Department of Justice, and our Washington work is in good hands.

Educational Director

We hoped during the year to engage a successor to W. H. Butterfield, who is now connected with the University of Illinois, but without success. However, we now have three prospects, one of which looks particularly good, and it is hoped before Fall that he will become associated with us as Educational and Public Relations Director.

Field Activities

Had hoped to reduce my time in the field for the year just closed, but was not successful. I left the office on September 28 to attend the funeral of Past President Reed of Denver. Starting out on October 19, I was away from the office a total of 126 days. This does not include approximately three weeks following the Banff conference, in which time I visited Vancouver, Seattle, San Francisco, Oakland, Los Angeles, Long Beach, Salt Lake City and Denver. I visited 33 cities in 19 states, Washington, D. C., and one city in Canada.

Cooperation

It is with appreciation that I acknowledge the cooperation of our Officers, Directors and members, the personnel of committees and the National Office staff; also the Officers and Directors of the Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America. The teamwork of all concerned has contributed to the continued success and growth of your association. ★★★

Report of the Finance Committee

Hugh L. Reagan, *Chairman*

YOUR FINANCE COMMITTEE, appointed by President Ashby at the Banff conference in June, 1948, met at the Netherland Plaza Hotel, Cincinnati, Ohio, Sunday, February 20, 1949. The meeting was held the day prior to convening of the joint conference of Districts 5 and 13.

Members present were David D. Bolen, C. Glenn Evans and myself, with General Manager-Treasurer Crowder sitting in ex-officio. Because of weather conditions President Ashby did not reach Cincinnati. The plane from Chicago was grounded at Birmingham, Alabama, Saturday night, and he was unable to reach Cincinnati.

Budget for year ending May 31, 1949, was submitted to the Board of Directors at Banff and approved, with several changes proposed by Board members.

As of May 31, 1949, the close of our fiscal year, cash on hand and in banks in the United States and Canada, including bonds, totaled $29,370.78. This compares with $25,001.79 the end of May, 1948.

As has been the practice since February, 1935, all bills have been paid the month in which they were incurred, and there is no unpaid indebtedness.

Your committee authorized the employment of S. D. Leidesdorf & Company, Certified Public Accountants, to conduct a semi-annual cash audit of receipts and disbursements. Report of the audit for six months ended November 30, 1948, was submitted to the committee. Copies of the report for the final six months of the year will be ready the latter part of this month and will be mailed to members of the Board.

The financial condition of this Association continues strong and the year just closed was a very successful one. Much credit for this showing is due the Officers, Directors and members for their excellent cooperation. The activities of General Manager-Treasurer Crowder, the efficiency of the National Office Staff and the untiring efforts of President Ashby contributed appreciably to the results. ★★★

Report of Secretary and Research Director

Arthur H. Hert

DURING THE PAST year I have devoted most of my time to the CREDIT WORLD, as I have done in the past several years. I am glad to report that in January we started publishing a special edition for our Canadian members, which they have received enthusiastically.

I earnestly solicit the cooperation of all of our members, and especially our Board of Directors, in securing worthwhile articles for the continued improvement of the publication, since the CREDIT WORLD is what you, our members, make it. There is a great demand for short articles covering various credit procedures and problems, particularly in the smaller stores.

In the past year we reinstated the Collection Scoreboard in the CREDIT WORLD, a department in which many of our members are interested. This feature had been dropped during the war years, because it was impossible for the various members to furnish the necessary figures.

It is a pleasure to report that we have resumed our Credit Department Operating Costs study. Three hundred and seventeen questionnaires were sent out and so far we have received ninety-one replies. After the report is complete the latter part of the summer, a summary will be included in a forthcoming issue of the CREDIT WORLD.

In addition to my CREDIT WORLD duties, a great deal of time was spent arranging and editing our new book, *Retail Credit Management*, by Dr. Clyde Wm. Phelps. The book, which is now off the press, will be an outstanding textbook in every detail.

I want to take this opportunity to sincerely thank our members for their cooperation and interest. My thanks, also, to our Officers and Directors and the members of the National Office Staff for their generous support.

"Conference Notes" (*Beginning on Page 13*)

WHEREAS, the investigations of the Hoover Commission have noted excessive overlappings of expenditures in the Federal governmental system, and

THEREFORE, BE IT RESOLVED, that the National Retail Credit Association in convention assembled, does hereby petition the President and the Congress of the United States and the Governors and Legislators of the States of the United States, to practice and advocate the strictest economy in governmental operations; to demand the greatest efficiency and competency in the expenditure of Federal and State funds; and to take all steps possible to reduce expenditures on projects, programs and policies of such governments already authorized. It is the opinion of the membership of this Association that all steps taken to guarantee the financial soundness of the Federal and State governments will secure the system of private free enterprise and our representative forms of government.

AS A PART OF this resolution, this Association requests the Congress and the Federal executives to:

(a) Foster and support legislation designed to remove the Federal Excise tax on so-called "luxury items";

(b) Oppose vigorously all efforts to increase the Social Security payroll tax, and to make every effort to freeze it at its present level; and

(c) Remove the tremendously unfair condition whereby untaxed cooperatives are permitted to operate in competition with private businesses which are all burdened with heavy Federal taxes.

Resolution of Appreciation

WHEREAS, Frederick W. Walter, Credit Manager of The Bailey Company, Cleveland, Ohio, Chairman of the Educational Committee of this Association, and the members of said Committee, herein listed, have contributed their time and efforts in reviewing the manuscript of the new textbook of this Association, "RETAIL CREDIT MANAGEMENT" prepared by Dr. Clyde William Phelps of the University of Southern California, Los Angeles, California; and said members of the Educational Committee have made many constructive suggestions in connection with such review of the manuscript,

THEREFORE, BE IT RESOLVED, that this Association, in convention assembled, adopt this resolution of appreciation, and notes with appreciation, the efforts of Frederick W. Walter and the following members of the Educational Committee in connection with the above described work for this Association.

F. Wm. Johnson, Neiman-Marcus, Dallas, Texas

Earle Harrison, Marshall Field & Co., Chicago, Illinois

R. D. Roberts, The Union Oil Co., Los Angeles, California

Wendell Romney, Zions Cooperative Mercantile Institute, Salt Lake City, Utah

A. G. Wilson, The Robert Simpson Co. Ltd., Toronto, Canada

F. E. Meehan, R. H. White Co., Boston, Massachusetts

A. S. Kleckner, The Namm Store, Brooklyn, New York

John D. Kemper, Marshall Field & Co., Chicago, Illinois

Garnishment of Salaries of Federal Employees

WHEREAS, The House of Representatives of the Congress of the United States in the year 1944 adopted a Bill sponsored by Honorable Estes Kefauver, now United States Senator from Tennessee, which would permit the application of the remedies of garnishment, execution and trustee process to the salaries and wages of officials and employees of the Federal government in the same manner and to the same effect as in the case of wages or salaries due from private employers in the state or territory in which such remedy should be sought; but that session of Congress expired before such Bill could pass its Senate, and,

WHEREAS, one of the basic parts of the free enterprise system is credit, yet this system of credit, which is a fundamental ingredient of free enterprise, breaks down unless there is some legal way to enforce the collection of debts; and,

WHEREAS, nearly all of the States of the Union have passed laws which, after allowing generous exemptions, subject the salaries and wages of State officials and employees to garnishment if they do not pay their just and lawful debts, and,

WHEREAS, a very large segment of our population is employed in the various Federal governmental establishments, but there is now available no remedy of garnishment against officials and employees of the Federal departments,

THEREFORE, BE IT RESOLVED, that the Legislative Committee of the National Retail Credit Association be instructed and empowered to seek the introduction in this Congress of a Bill similar to H. R. 2985 of the 78th Congress, permitting the garnishment of wages and salaries of debtor Federal employees whose accounts it has not been possible to collect through regular channels.

CREDIT DEPARTMENT *Letters*

W. H. BUTTERFIELD

Super Salesman

Are you looking for a real "super-salesman"? There's one available to you, and he's tops, without exception.

There are few things he can't do, and he's willing to try anything; makes it a point always to get inside offices that often are closed to other salesmen; doesn't put up a fight when you take his old territory away from him and assign him to a "cold beat"; never grows old and has to be pensioned; never seems to have those personal problems that make other salesmen fall down on the job; you never have to worry about his demanding a large bonus when he completes a big job; he can deliver any sales talk—no matter how complicated—in the least possible time; and he'll bring back those signed contracts without fuss or fanfare. Wages? He costs you only three pennies per call.

You guessed it. He's a United States postage stamp.

—From *In Transit,* published by Atlanta Envelope Company

Yes, a three-cent stamp is a real bargain. But how many of us make the most of its business-building potentialities? How many of us put into our letters the best efforts of which we are capable? Not many, I'm afraid.

A poor letter is a poor investment. If it's a form letter that goes to many readers, the cost of its incompetence is multiplied many times over.

Yet large concerns—many of them leaders in the retail field—are doing a totally inadequate job in their customer relations by mail. For example, a well-known department store welcomes new charge customers with a letter that begins as follows:

> It is deemed by us a great pleasure and privilege to number you among our valued credit patrons. We are indeed pleased to have you among those present, and wish to express our thanks for the preference shown.

A leading women's apparel store uses this approach in offering charge accounts to prospective patrons:

> In an effort to extend every courtesy and convenience to those who might enjoy the facilities of this store, we take this occasion to suggest that you avail yourself of the many advantages of a charge account here.

What a waste of paper, postage, and words! And examples like these are not unusual; they are discouragingly common.

Let's remember that every letter written in business offers an opportunity for good public relations. We should capitalize on this opportunity by telling the story clearly, simply, and concisely. A one-minute story doesn't deserve five minutes of the reader's time. A 50-word message cannot justify the use of 250 words.

This Month's Illustrations →

Each of this month's examples does a good job of customer relations. Each one tells its story with courtesy and conciseness.

Illustration No. 1, used by Fred L. O'Hair, President, Central National Bank, Greencastle, Indiana, thanks bank patrons on the twentieth anniversary of their accounts. The letter says just enough to make the most of the occasion which prompts it. By stopping at the right moment, it avoids the two common faults of "thank-you" messages—long-windedness and effusiveness. Alertness and courtesy are key policies of this progressive small-city bank, which integrates direct-mail with other phases of sound customer relations.

Illustration No. 2, used by E. L. Goodman, Credit Manager, Burger-Phillips, Birmingham, Alabama, is a credit-promotion letter that has the advantage of unusual timeliness. The persons who receive it are excellent prospects for the type of merchandise suggested in the message. The letter is skillfully written. Its opening paragraph gets quick attention from the owners of new homes. This attention is then directed to specific items of merchandise, the expert service of trained decorators, and easy payment through convenient credit terms. The third paragraph of the message shows real finesse in letter writing. By offering the assistance of experienced home decorators, the writer wisely emphasizes the service motive and thereby avoids a "sales letter" tone.

Illustrations No. 3 and No. 4, used by B. Forman Company, Rochester, New York, are excellent examples of tactful collection reminders (intended for mailing with duplicate statements). Courteous in both tone and content, these messages get their point across without the slightest risk of offending customers. Both pieces are attractive in layout, and make effective use of longhand openings as attention getters.

Illustration No. 5, used by H. W. Hoklas, Credit Manager, The Young-Quinlan Company, Minneapolis, Minnesota, goes to persons whose new charge accounts have not been used. By stressing service and extending a "cordial welcome," the letter tactfully reminds its readers of the credit convenience without emphasizing the profit motive. An element of merchandise appeal is included to stimulate the use of new accounts. ★★★

Central National Bank
Chartered 1863
Greencastle, Ind.

June 10, 1949

(1)

Mr. John H. Shipley
141 Hillcrest Drive
Greencastle, Indiana

Dear Mr. Shipley:

Your account at the Central National Bank was opened exactly twenty years ago today.

We do not want to let the day pass without expressing to you our deep appreciation of your confidence and friendship these many years.

It is our hope that the association with you over the past two decades has been as pleasant to you as it has been to us, and that we shall be privileged to serve you for many more years.

Sincerely,

F. L. O'Hair

Fred L. O'Hair
President

BURGER-PHILLIPS

BIRMINGHAM 3, ALABAMA

CREDIT OFFICE

May 26, 1949

(2)

Mr. and Mrs. John Wallace
1134 North Ninth Street
Birmingham, Alabama

Dear Mr. and Mrs. Wallace:

"Home Sweet Home" means more today than ever before.

Now that you have a new home, perhaps you have a problem in selecting draperies, curtains and rugs; or it may be simply a matter of color scheme and arrangement.

To make it easy in solving your home furnishing problem, we cordially invite you to consult our experienced staff of home decorators. It will be a genuine pleasure to assist you.

Home furnishings may be purchased on a regular charge account, or on our liberal club plan that provides convenient monthly payments.

The best of luck and happiness to you in your new home.

Cordially yours,

BURGER-PHILLIPS COMPANY

E. L. Goodman

ELG/b

E. L. Goodman
Credit Manager

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(3)

Customers say they appreciate...

being informed when their account becomes past due. So we hope you will accept this reminder in the friendly spirit in which it is intended. Of course, if you have just sent us your check . . . please pardon this notice . . . and accept our thanks for your payment.

Cordially,
B. FORMAN CO.

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(4)

Perhaps its happened again...

For every now and then we send customers a reminder about their overdue account . . . only to receive a check in the very next mail. So if your remittance is already on the way . . . please disregard this friendly notice. Otherwise, won't you send it to us . . . before it slips your mind.

Thank you,
B. FORMAN CO.

The Young-Quinlan Co.
ATTIRE FOR GENTLEWOMEN
MINNEAPOLIS

March 15, 1949

(5)

Mrs. Ralph Jennings
435 Northfield Ave.
Minneapolis, Minn.

Dear Mrs. Jennings:

Within our store are so many unusual gifts and such a wide selection of distinctive apparel that we are sure you will enjoy using your Young-Quinlan charge account.

Our staff will be glad to be of every assistance. We extend a cordial welcome, and hope you will find it convenient to visit us often.

Sincerely yours,

THE YOUNG-QUINLAN CO.

H. W. Hoklas

H. W. Hoklas
Credit Manager

HWH:b

CREDIT FLASHES

Francis Luke Succeeds Erwin Kant at Schuster's

Francis Luke will succeed Erwin Kant as Credit Manager, Ed. Schuster & Co., Milwaukee, Wisc., on August 1. Mr. Luke has been with Schuster's since 1935 and has served in various capacities in the operative and controller's divisions of the store, including the positions of Service Manager and Planning Department head.

Trophy Award at Bakersfield

During the past year Mrs. Enriqueta DeMeester, President, Golden West Council, Credit Women's Breakfast Clubs of North America, sponsored an achievement contest consisting of an award to the member of the Council writing the best essay on any phase of retail credit. The trophy was donated through the efforts of Sam W. Seaney, Manager, Tucson Merchants Association, Tucson, Arizona. The winner of the award was Dorothy Nork of the Credit Women's Breakfast Club of Honolulu, Hawaii, shown in the picture below. She was awarded the trophy at the annual meeting of the Golden West Council held in conjunction with the conference of District Eleven, N. R. C. A., in Bakersfield, Calif., April 25-26, 1949. Dorothy Nork and Lillian Mackale, also a delegate from Hawaii, presented everyone with a lei which the Credit Bureau of Hawaii sent air mail for the occasion. Hawaii took all the honors at the conference, having won this trophy, the Bulletin Plaque and the Attendance Award, which was a plaque donated by the 7-Up Bottling Company of Bakersfield.

Coming District Meeting

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Quebec, Canada, and Nova Scotia, Canada) will hold its Annual Conference at the New Ocean House, Swampscott, Mass., October 3 and 4, 1949.

E. D. Roberts Heads New York Hotel Credit Men

E. Donald Roberts, Credit Manager, Hotel Commodore, New York, N. Y., has been elected President of the Hotel Credit Managers Association of New York City, according to an announcement made recently at the monthly meeting of the organization, held at Hotel Commodore, New York. Mr. Roberts, a native of Pasadena, California, succeeds John Rudd, Credit Manager, Hotel Statler, New York. B. J. O'Neill, Sherry-Netherland Hotel was elected First Vice-President and W. J. Parrant, Hotel Vanderbilt, was elected Second Vice-President.

R. H. Gaines in New Position

Richard H. Gaines has been named Credit Manager, Davidson-Paxon Co., Atlanta, Ga., succeeding Charles H. Dicken who resigned to join Gimbels, Philadelphia, Pa. Most recently, Mr. Gaines was assistant General Manager of Davidson's, Augusta, Ga.

Annual Ladies' Night Banquet at Columbia

The tenth annual ladies' night banquet of the Associated Retail Credit Managers of Columbia, South Carolina, was held recently in the ballroom of the Wade Hampton Hotel with John H. Beckroge presiding. After the dinner he turned the meeting over to toastmaster John A. Broom, Jr., who carried out the program which included an after dinner speaker, the distribution of gifts amounting to over $250.00 and dancing until midnight. Over 125 attended the affair. During the ten years the Association has grown from 20 members to 60 at the present time.

Credit World Article Reprinted in England

The HIRE PURCHASE JOURNAL, printed in London, England, reprinted the article in their June issue which appeared in our April CREDIT WORLD, "Collecting Installment Loans," by Bernard J. McCrory, Manager, Personal Finance Co., Pittsburgh, Pa. On the front cover of the issue they stated that this was, "An enlightening article by the manager of an overseas personal finance house." The JOURNAL is a publication covering hire purchase trade in England and similar in content as our CREDIT WORLD.

For Sale

42 AF-1-27 gravity lock hard fiber cover accounts receivable binders. Priced right for sale. If interested write Credit Department, Joseph Spiess Co., Elgin, Ill.

Erwin Kant Retires

After 33 years with Ed. Schuster & Co., Milwaukee, Wis., Past President Erwin Kant has announced his retirement effective July 31.

Mr. Kant came to Schuster's on July 31, 1916, as assistant credit manager. One year later he was promoted to credit manager of their Third Street Store and for the past thirty years he has been general credit manager for the three Schuster stores.

Mr. Kant is one of the pioneers in retail credit work. Through the years he has been instrumental in the organization and progress of local retail credit associations, the National Retail Credit Association and in the establishment of retail credit schools. He was directly responsible for the formation of the Wisconsin Retail Credit Association in 1934 and since that time he has served continuously as a member of the Association's Board of Directors. At the present time he holds an honorary directorship.

In addition to having been President of the National Retail Credit Association in 1940-41, Mr. Kant has served as a Director of the Credit Management Division, National Retail Dry Goods Association, a member of the Board of Directors of the Milwaukee Retail Credit Association for 25 years and chairman of the Operating Committee of the Milwaukee Retail Credit Bureau, of which he is now a member.

In addition to activities directly associated with retail credit operations, Mr. Kant has been deeply and actively interested in many civic and community projects. He is a past president of the Upper Third Street Advancement Association and has served on its Board of Directors since 1926. The recently completed tremendous improvement project of the Upper Third Street area is only one of the projects to which Mr. Kant has given his wholehearted interest and individual support.

Mr. Kant plans to spend a major part of his time at his summer home at Big St. Germaine Lake in Vilas County, Wisconsin. He will, however, remain active as a director of the Milwaukee Home Savings Bank and the Cream City Insurance Company. He now becomes an honorary life member of the National Retail Credit Association and his many friends of the credit fraternity throughout North America wish him many years of health and happiness in his well-deserved retirement.

Henry Hoklas Resigns

Henry Hoklas has resigned his position as Credit Manager, Young-Quinlan Co., Minneapolis, Minn., which he held for many years. He was succeeded by H. H. Clark, formerly of Rothschild's of the same city.

36th Annual Conference

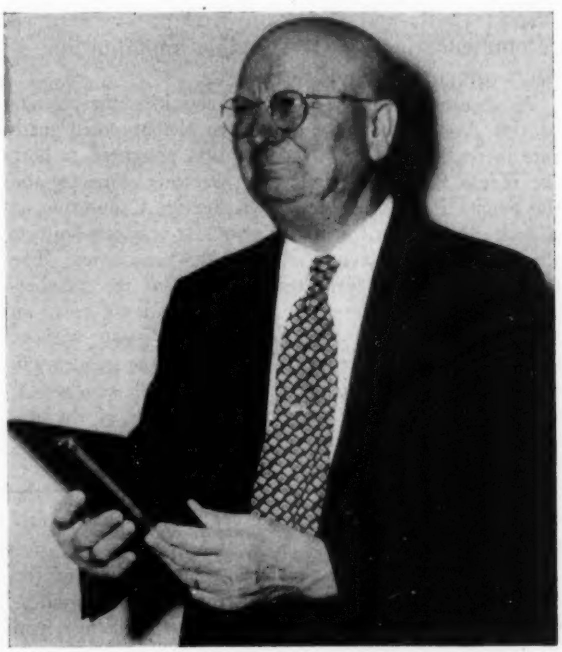
The 36th Annual International Consumer Credit Conference of the National Retail Credit Association, Credit Women's Breakfast Clubs of North America, and Associated Credit Bureaus of America will be held at the Netherland Plaza Hotel in the city of Cincinnati, Ohio, Monday through Thursday, June 12, 13, 14, and 15, 1950.

New Officers for 1949-50

The new officers of the National Retail Credit Association elected at the 35th Annual International Consumer Credit Conference, Statler Hotel, Boston, Mass., June 20-23, 1949, are as follows: President, Richard T. Schatz, Washington Water Power Co., Spokane, Wash.; First Vice-President, Clarence E. Wolfinger, Lit Brothers, Philadelphia, Pa.; Second Vice-President, Royce Sehnert, *Wichita Eagle,* Wichita, Kansas; and Third Vice-President, F. Wm. Johnson, Neiman-Marcus, Dallas, Texas. A biographical sketch of the officers will appear in the August CREDIT WORLD. The four new Directors at Large are: Charles D. Reno, Scruggs-Vandervoort-Barney, St. Louis, Mo.; Merth E. Mortenson, The Marquette National Bank of Minneapolis, Minneapolis, Minn.; W. J. Tate, Bryson Graham Co., Ltd., Ottawa, Ontario, Canada; and C. Glenn Evans, The Halle Bros. Co., Cleveland, Ohio.

William Decker Retires

William Decker retired as Secretary of the Retail Merchants' Credit Association, Baton Rouge, La., on June 1. He joined the Association in 1927 and has served as Secretary and General Manager since that time. At a testimonial dinner given by the Association he was presented with a plaque, which he is holding in the picture below, expressing the appreciation of the members for his untiring efforts in their behalf. In addition he was presented with a gold wrist watch, as a token of the esteem in which he is held by the credit executives of Baton Rouge. He was also elected an honorary member of the Credit Bureau of Baton Rouge and a fitting certificate was presented to him. Bill claims that during his retirement he will be able to get in the fishing he has missed during the years, and that he will always be with the credit fraternity of Baton Rouge in spirit, if not in the work.



Items of Interest From the NATION'S CAPITAL

HAROLD L. SCHILZ, Counsel, National Retail Credit Association, Washington, D.C.

Annual Report at Boston Conference

IT HAS BEEN a great privilege and honor to serve this internationally known organization since last November. To my partner and myself a variety of problems have been presented for solution or for action and each one has had very interesting facets. Looking back I would say that the work has come under three main divisions of activity. The first, observation of legislative activity, transmission of information relative to the same to the administrative officers and legislative committee of this organization, and representation of this organization before the appropriate congressional committees. In the second category has come the considerable number of general questions of law that have been presented for solution because of their relationship to the overall activities of the National Retail Credit Association. And in the third category have come those questions relating to interpretation of the so-called "Consent Decree" activities that can be legitimately carried out under that decree, legal conferences with your officers and other counsel with respect to it, and discussion and evolvement of recommendations as to possible modification or court interpretation of the decree.

As an example of the legislative activities, the position of this Association in opposition to the proposed mail-rate increase on second-class mail was presented to both the House Post Office and Civil Service Committee and the Senate Post Office and Civil Service Committee on March 30 and April 8 of this year. It was our position that since the trade magazine of this association, The CREDIT WORLD, is furnished as a part of the membership fee and on a non-profit basis, it could not carry an increase in the mail rate on its transmission without seriously affecting the editorial content of the publication, the principal purpose of which is to furnish educational material of very great use to the members of the Association. At the meeting of your legislative committee in Washington on February 25th, we were also authorized to present a resolution to Congress opposing the continuance of the existing 25 per cent telephone and telegraph excise tax.

Of course I am sure that from your reading of the April, 1949, CREDIT WORLD or from previous publications in trade papers such as *Women's Wear Daily*, you are thoroughly familiar with the action that the legislative Committee took with respect to requesting the Board of Governors of the Federal Reserve System, to modify the terms of Regulation W. It is needless for me to say that this over-all Government Regulation affects particularly consumer installment credit sales. At the time the Legislative Committee took its action it had been reported that many installment buyers were suffering hardships because of the high monthly payments required by the Regulation and the short length of time given them in which to make payment. It was a most interesting coincidence that the publication of the Legislative Committee's resolution was released in the early Monday morning papers of February 28th, recommending relaxation of Regulation W terms and that three days later, on March 3rd, the Board of Governors of the Federal Reserve System announced substantial changes of a decontrolled nature. Since that time within the past month or two there has been further relaxation of the installment credit control but the action taken by the Board on March 3rd, 1949, marked the first and greatest stride in that direction.

Discussion of Past-Due Accounts

One of the first of a number of opinions which I was requested to prepare, appeared in the January, 1949, issue of The CREDIT WORLD. It related to the matter of discussion by credit groups of names of customers whose accounts are past due or are in an over-bought condition and the action that might be taken by credit executives representing the various store members with regard to such accounts. This opinion, as you appreciate, was concerned with the fine distinction that might be thought by some to exist between such activities on the part of the credit men and the type of action that is permissible under the Consent Decree. It was concluded that there being no uniformity of action with respect to such debtors, and no concert of action taken during the joint discussion, that such activities are permissible and would not cause embarrassment to the various credit bureaus and their component members insofar as application of the Consent Decree is concerned.

Some years ago I had occasion to attend a political convention of a state-wide nature at Richmond, Virginia. I have always been impressed with the forthright attitude of one of the delegates at that convention. Midway during the proceedings he was heard to cry out strenuously and vigorously, "Mr. Speaker, Mr. Speaker." After a number of these imperative demands the Speaker

with some concern said, "The Speaker recognizes the delegate from Abstract County. What do you wish to present?" Whereupon the delegate stated, "Mr. Speaker, I want to be heard." The Speaker very courteously said, "On what do you want to be heard?" "Oh, I don't know, Mr. Speaker, *I just want to be heard.*" Of course there is no question that by that time he was being heard by several thousands of people. My next remarks are a little more particularized than that.

Many of you have been concerned about the dislocations that may occur in credit granting when Regulation W restrictions are finally lifted, as it seems likely that they might be at any time in the near future. So, many of your leading men from various sections of this country and your national executives over a period of years have given study and attention to this problem for a considerable period of time, looking toward benefit to both the retail establishments you represent and to your communities, flowing from a proposed system to maintain orderly progress in sound credit merchandising. Along this line a study was compiled and published by the Research Division of the Association, known as Study No. 18-A and entitled "Community Credit Policies." In the introduction of that study Mr. Crowder has said, and I quote, "the plan will in time also result in increased sales; and will eliminate to a large extent the slow paying customer who is in a position to pay promptly. It will reduce credit losses and place the burden of carrying past-due accounts on the customer who does not pay in accordance with prevailing credit terms."

Where stores desire to join in plans of credit term classification and standardization for their communities, where such action is voluntary on their part, where there is present no boycotting of stores or organizations who do not participate, as I do not see how there could be, and where the plan has for its object a definition of the conditions that shall apply to the various types of credit granted, and by that I mean monthly charge accounts, sixty and ninety day accounts, etc., where can there be objection? The idea of such credit control standardization and classification is simply to eliminate confusion in credit merchandising in the various communities and to establish reasonably efficient handling of credit in the various communities affected. Unlike some others I have been unable to perceive anything unreasonable or harmful in such plans. Most of them are localized in nature and there is variance in them to meet the varying needs of the respective communities for which they are to serve. There should, however, be eliminated from the preambles and introductions of such plans when they are advocated, expressions which might carry to others the implication of some design not intended. Unfortunately some of the so-called Community Credit Plans that were advocated some years ago contained expressions which must have alarmed the trade-practice-enforcement agencies of the Government, and I say that because in 1946 the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice, advised the Association that he would not permit it to go forward carrying out some plans that were submitted at that time. In examining them I have noticed that most of the expressions about which I have reference have crept into the preamble of the plans advocated. And to my mind they had no bearing on the application of the plans. They were simply introductory remarks of a general nature. While the Governmental officers did not point to these particular remarks I am certain that they were the ones that were most controlling in the decision they reached. Such statements were those referring to proposed "gentlemen's agreements," "credit policies" "intendment to replace competition in terms of credit," "elimination of competition in credit terms," and "stabilization of credit conditions." They undoubtedly carried a meaning to their framers growing out of trade customs and entirely foreign to that derived by others. Of course such expressions can be lifted out of their context and given an adverse interpretation; of course they can be seized upon by those hostile to the operation of Credit Men's Associations to import conduct never intended. In order to be free from criticism I do not believe that proposed plans for credit practice standardization should contain such expressions or any others such as appears in one to the effect that "balloon notes or payments are ***prohibited***." In the enunciation of such a plan, until such time as there may be modification or court interpretation of the Consent Decree clearly eliminating any claimed conflict with its terms, these plans for consumer credit classification and standardization of such terms will have the greatest chance of acceptance by and eliminate friction with governmental authorities, if they do not contain any reference of a nature requiring the clearance of all credit applications through the credit bureau. That is a different thing than the agreement to furnish information to the bureau, which is no more than the usual contract provides. It is assumed that most of the members of a credit bureau would patronize that bureau anyway, and that deviations from its patronage would be so slight as not to affect to any degree the reliability of its credit data.

Credit Term Classification

Any plan for credit term classification and standardization should simply convey on its face what it is. That is a voluntary acceptance by those who adopt it; of classification and standards that they believe to be in the best interests of the merchants and stores they represent and would contain nothing that imports coercive or undue influence or the exertion of pressure on others who may not be desirous of going along with the plan. Your reaction may be, you may say, that if that is so the plan will not be effective in the community because not adopted by all merchants in the community. My answer to that is that the large number of the reputable merchants will see the benefits of the plan and that its operation will demonstrate in time that it is not necessary for them to be concerned with or about the activities of those few who do not cooperate. The losses suffered by those who do not cooperate as a result of the credit delinquencies which they experience will run so much higher that in time they too will find it advantageous to voluntarily cooperate in the operation of such credit control and standardization plans. Therefore, it would seem to me that there is a sound and constructive direction toward which you can proceed in looking toward the eventual use of such a plan in your community.

Each of these plans undoubtedly presents a problem which has particular aspects peculiar to each community to which the respective plans are to apply. Of course,

(Turn to "Annual Report," page 27.)

Collection Scoreboard

Compiled by the Research Division

May, 1949 • • • • • • • • • • May, 1948

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1949			1948			1949			1948			1949			1948			1949			1948		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	48.0	50.8	44.9	46.5	51.1	40.9	21.8	26.3	18.5	23.0	29.0	19.6	47.6	50.8	43.0	46.7	50.1	44.4	43.1	46.3	40.0	47.0	50.0	43.9
Birmingham, Ala.	50.5	60.6	42.5	52.3	62.2	43.5	25.9	31.9	21.0	37.2	49.8	24.7	42.9	47.8	35.0	49.2	51.8	47.0	54.2	55.6	53.0	54.6	58.4	47.4
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	62.6	64.6	60.7	63.1	63.3	62.9	25.0	29.9	20.1	25.0	26.0	24.1	—	85.0	—	—	81.2	—	72.2	73.7	70.6	73.5	74.7	71.8
Cincinnati, Ohio	57.4	63.3	50.4	57.5	63.8	50.1	19.7	28.3	12.7	18.8	28.2	12.0	61.9	67.0	56.8	57.6	59.8	55.5	55.3	62.3	48.4	55.3	62.0	48.6
Cleveland, Ohio	51.6	56.5	49.9	51.5	58.0	48.0	26.8	28.3	22.9	28.0	29.2	21.3	43.0	56.7	31.0	50.0	51.0	49.0	66.6	89.8	43.5	71.5	96.4	46.6
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	47.2	60.6	44.6	50.4	55.1	47.7	22.0	35.7	20.2	25.6	30.0	21.0	48.8	50.5	47.2	50.2	52.6	47.7	—	—	—	—	—	—
Des Moines, Ia.	50.4	52.2	48.5	57.2	59.5	55.3	—	—	—	—	25.1	—	63.1	69.9	56.3	64.5	70.5	58.1	52.6	56.3	49.0	59.7	66.2	53.2
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	59.1	63.6	53.5	60.9	63.0	58.3	20.2	27.1	15.3	19.0	19.6	10.0	58.8	62.0	51.4	59.5	67.8	54.1	58.8	62.0	51.4	59.5	67.8	54.1
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	50.7	63.9	48.8	53.0	61.4	51.5	19.2	22.0	16.1	—	—	—	55.8	63.1	48.6	57.4	64.2	50.5	56.6	69.9	47.7	60.4	62.2	51.6
Louisville, Ky.	48.6	50.2	47.2	50.4	51.4	48.9	21.1	26.3	15.1	18.5	22.3	14.1	44.3	49.8	27.0	42.4	44.9	40.0	49.5	61.1	45.4	49.9	57.2	44.9
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	62.9	64.2	50.6	62.0	67.1	52.2	23.0	24.3	21.7	24.0	24.1	23.9	58.8	61.3	58.0	59.2	60.6	56.2	74.4	88.4	60.5	61.5	61.7	61.4
Minneapolis, Minn.	62.6	66.7	55.3	62.6	66.8	55.2	25.7	30.0	22.5	27.5	31.4	24.3	65.9	70.0	61.8	58.6	62.2	55.0	55.7	69.1	47.4	61.1	73.5	51.9
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	50.9	62.8	42.4	49.5	61.0	36.2	21.9	25.8	17.5	23.9	33.0	17.4	45.3	46.7	43.9	45.1	45.7	44.5	54.8	59.2	50.4	57.4	64.8	50.1
Oakland, Calif.	57.4	60.2	48.3	55.0	60.1	44.6	21.6	27.3	19.3	25.5	28.3	20.0	54.4	60.0	43.3	54.9	67.0	44.1	47.2	58.0	37.5	49.5	66.4	40.0
Omaha, Neb.	—	54.2	—	—	55.4	—	—	23.6	—	—	29.9	—	—	46.8	—	—	45.6	—	—	60.6	—	—	60.8	—
Pittsburgh, Pa.	51.3	51.8	44.4	49.2	57.7	38.2	19.5	23.4	15.9	19.5	25.0	15.5	—	82.0	—	—	—	—	—	66.0	—	—	—	—
Providence, R. I.	50.0	57.0	46.0	51.0	60.0	47.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	—	53.4	—	57.6	59.8	55.4	—	23.1	—	26.0	29.0	22.9	50.7	55.4	42.2	47.7	55.7	35.3	52.4	56.7	48.7	53.6	54.7	51.7
Salt Lake City, Utah	62.6	63.4	61.4	66.0	69.4	61.0	28.3	29.5	26.4	28.5	31.6	28.0	—	—	—	—	—	—	54.3	55.0	53.7	53.8	56.8	51.1
San Francisco, Calif.	53.2	64.0	31.2	51.4	66.4	42.2	28.2	31.4	23.9	31.8	38.8	28.8	40.4	45.7	37.2	44.5	51.5	39.6	50.4	54.1	47.0	53.7	58.4	51.9
Santa Barbara, Calif.	62.3	69.4	54.2	62.9	72.3	56.0	—	—	—	—	—	—	56.5	60.7	50.2	58.1	63.7	51.1	60.8	64.7	56.7	73.2	77.5	65.2
Sioux City, Ia.	61.2	61.9	60.5	—	62.5	—	31.9	36.7	27.0	—	26.8	—	53.0	61.0	45.0	—	—	—	63.2	68.4	58.0	—	—	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	61.6	66.5	56.8	61.5	66.5	56.4	21.7	23.0	20.4	25.1	25.9	24.2	—	66.8	—	—	69.5	—	—	52.9	—	—	63.9	—
Toledo, Ohio	52.9	58.6	44.6	52.5	53.0	46.4	21.9	28.1	15.1	23.3	23.6	15.4	50.0	60.7	53.9	57.8	59.4	50.6	44.1	49.4	38.8	47.5	50.2	44.8
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	48.6	53.3	45.6	47.6	56.2	41.8	20.0	22.5	17.2	22.3	26.1	18.0	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	51.1	56.1	46.2	52.6	59.1	48.1	28.4	30.8	26.0	29.3	32.1	26.4	47.2	50.0	44.4	50.5	51.0	50.0	—	—	—	—	56.8	—
Youngstown, Ohio	56.3	66.5	46.2	62.4	75.3	49.5	31.0	40.0	22.0	36.9	38.3	25.5	—	—	—	—	—	—	63.1	66.5	59.8	77.5	79.8	75.3
Ottawa, Ont.	49.4	49.9	29.0	49.7	55.5	33.2	17.3	37.8	14.5	19.7	56.2	17.1	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	—	—	—	70.6	77.0	64.3	—	—	—	30.5	35.3	25.7	—	—	—	—	—	—	—	—	—	—	—	A.H.H. 7-49

INSTALMENT ACCOUNTS outstanding of department stores at the end of April remained at the March level, but were 15 per cent higher than a year earlier. Collections on instalment accounts declined 7 per cent during the month, and the ratio of these collections to accounts outstanding on the first of the month was 24 per cent, one point less than in March. At the prevailing rate of repayment instalment accounts would be liquidated in about seven and one-half months. Charge accounts receivable, which were affected to some extent by the late date of Easter this year, were up 5 per cent from the end of March, but were unchanged from the level of a year ago. Collections on charge accounts were 8 per cent smaller than in the preceding month, resulting in a collection ratio of 53 per cent as compared with 56 per cent for March. The average collection period for charge accounts outstanding in April was 56 days, two days less than a year earlier. The volume of both cash and credit sales at department stores increased about one-tenth during the month. Cash and charge-account transactions registered gains of 5 per cent and 6 per cent, respectively, while instalment sales were within 1 per cent of the year-ago level.—Federal Reserve Board.

Monthly CREDIT STATISTICS

CONSUMER CREDIT outstanding at the end of April is estimated at 15,626 million dollars, representing an increase of nearly 2 per cent during the month and of approximately 11 per cent over the corresponding date in 1948. The 287 million dollar expansion during April resulted in large part from a further rise in automobile sale credit outstanding and an increase in charge accounts. Instalment sale credit outstanding rose $207 million to an estimated total of 8,623 million, nearly three-fourth of this increase representing automobile sale credit originating at dealers, which at the end of April was 52 per cent above the corresponding date in 1948. Other instalment sale credit, which had declined during the earlier months of 1949, increased by a very small amount in April. Instalment loan balances, which had declined in January and February, increased by a moderate amount for the second consecutive month. For each of these segments of instalment credit the amount outstanding at the end of April was about one-seventh larger than a year earlier.

Ratio of Collections to Accounts Receivable[1]

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	DEPARTMENT STORES
1944					
December	37	19	28	33	62
1945					
December	37	20	30	31	61
1946					
December	36	21	26	30	54
1947					
January	30	18	26	18	52
June	28	18	25	16	54
December	29	16	21	21	54
1948					
January	24	14	19	15	53
June	24	16	17	16	52
December	25	14	15	20	53
1949					
January	22	12	15	14	52
February	22	12	14	13	50
March	25	14	15	14	56
April	24	13	14	14	53

[1]Ratio of collections during month to accounts receivable at beginning of month.

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTOMOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	ELRY JEW-STORES	ALL OTHER RETAIL STORES
1944						
June	572	137	255	53	37	90
1945						
June	575	150	254	42	38	91
1946						
June	755	210	314	65	47	119
1947						
January	1,075	337	372	115	82	169
June	1,312	423	427	168	87	207
December	1,935	650	587	249	144	305
1948						
January	1,862	632	559	246	132	293
June	2,118	720	621	322	121	334
December	2,567	874	750	387	152	404
1949						
January	2,406	816	704	366	141	379
February	2,310	778	685	353	130	364
March	2,259	754	675	350	124	356
April	2,264	757	674	355	121	357

DEPARTMENT STORE SALES BY TYPE
(Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1944—December	64	4	32
1945—December	64	4	32
1946—December	57	5	38
1947—December	57	6	37
June	55	6	39
December	54	7	39
1948—January	54	7	39
June	52	7	41
December	53	6	41
1949—January	52	7	41
February	51	7	42
March	51	7	42
April	51	7	42

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE-PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1944									
June	5,218	1,872	764	192	572	1,108	1,260	1,370	716
1945									
June	5,695	1,994	763	188	575	1,231	1,411	1,544	746
1946									
June	7,915	2,906	1,091	336	755	1,815	1,852	2,327	830
1947									
January	10,067	4,089	1,656	581	1,075	2,433	2,339	2,764	875
June	11,380	5,065	2,192	880	1,312	2,873	2,512	2,887	916
December	13,673	6,434	3,086	1,151	1,935	3,348	2,707	3,612	920
1948									
January	13,374	6,468	3,064	1,202	1,862	3,404	2,742	3,240	924
June	14,669	7,533	3,720	1,602	2,118	3,813	2,839	3,352	945
December	16,319	8,600	4,528	1,961	2,567	4,072	2,902	3,854	963
1949									
January	15,749	8,425	4,371	1,965	2,406	4,054	2,904	3,457	963
February	15,332	8,339	4,306	1,996	2,310	4,033	2,865	3,176	952
March	15,339	8,416	4,344	2,085	2,259	4,072	2,816	3,148	959
April	15,626	8,623	4,495	2,231	2,264	4,128	2,785	3,258	960

Granting Credit in Canada

C. B. FLEMINGTON . . Canadian Correspondent

Insuring Credit Granting Protection

ELMER SLATER, *Field Representative,* Associated Credit Bureaus of Canada
Credit Granters Association of Canada

THE CREDIT GRANTERS Association of Canada and the Associated Credit Bureaus of Canada are inseparable institutions which have been built up for the purpose of conducting consumer credit extension on sound principles, not only for the protection of the credit granter, but also for the protection of the general public. Through efficient control which is made possible through prompt and efficient credit reporting by the bureaus, combined with the experience and judgment of the credit granters, a substantial number of prospective credit buyers are prevented from over-extending their purchasing power and are saved from the inevitable financial difficulties that would naturally follow, if these precautions were not exercised. In this way both organizations are responsible to a large degree for the economical welfare of the individual and of the whole country.

The association assumes a major responsibility in the process of properly handled retail credit extension. Primarily they must assure themselves that they are equipped with the most modern technical tools of their profession and secondly to be associated with and to use a reliable reporting bureau. Using a bureau is not simply getting information out of the bureau, but it also means a full contribution to its efficient operation. The efficiency of a bureau is largely determined by the amount of protective information that is available and a steady flow of newly opened accounts and unsatisfactory experiences will insure its efficiency and value. It is easy to overlook or to neglect this important routine, but the tremendous benefits obtained make it well worthwhile to maintain a constant awareness of the procedure.

Greater Responsibilities for Bureaus

The Bureaus, for their part, have still greater responsibilities to the credit granters, the most important of which is their attitude toward service. To maintain a high standard of quality and service they are continually seeking better ways and means to serve. There is no such thing as complacency on their part as they must always be alert to seek out new methods by which they are able to operate more efficiently and more economically, revising their systems to meet new problems, acquiring more and better equipment, educating and developing their staff and accumulating the experience of others from all possible sources.

The Associated Credit Bureaus of Canada consists of over seventy bureaus distributed across Canada, carefully selected for their efficiency and integrity to form a unit to best facilitate the servicing of credit granters on a national as well as on a local basis. Over a period of years the association has made considerable progress through individual and collective efforts, together with the excellent cooperation and assistance of the Associated Credit Bureaus of America and the National Retail Credit Association.

With the object of continued progress and improvement, the Associated Credit Bureaus of Canada, through the office of the Field Executive, has been surveying their bureaus since early this year, accumulating information about telephones, filing systems, equipment, forms, standards of service and facilities of each bureau. At the completion of this survey there will be a complete analysis made of the accumulated data in order to determine and to put into use the most efficient and the most adaptable systems and methods. Some of the bureaus have already installed new systems which have proved efficient and of more service to the credit granters. There is a wealth of information already accumulated which is immediately available to the bureaus, and every effort is being made to get this information to them as quickly as possible.

Editor's Note:

The foregoing article is contributed by Elmer Slater, Field Representative, under the joint auspices of the Associated Credit Bureaus of Canada, and the Credit Granters' Association of Canada. Through this and other articles he has shown a keen knowledge of Credit Bureau affairs and the importance of their functions in assisting members to extend credit wisely in order that the greatest sales volume is obtained at the least possible risk. We are grateful to him for this treatise and know that the Canadian Consumer Credit Fraternity, as well as our countless friends in the United States wish for him a full measure of success in his undertakings.

C. B. Flemington.

Niagara Falls Meeting

The Ontario District of the Associated Credit Bureaus of Canada held their spring convention at the General Brock Hotel, Niagara Falls, Ontario, on April 10, 11, 12 and 13. This is the first occasion that the Ontario District had held a convention in Niagara Falls. Credit Bureau Managers from adjacent western New York were invited and twelve of them attended. While the convention was not officially scheduled to open until Sunday evening many of the delegates arrived on Saturday or early Sunday morning and spent considerable time on both days touring Niagara Falls and the adjacent Niagara Peninsula. On Sunday evening the Ontario District gave a cocktail party for the delegates at the General Brock Hotel. Upon their arrival at the suite they were immediately greeted by an exceptionally fine view of Niagara Falls. All rooms on the top floor of the hotel have

glass from the floor to the ceiling so that guests might have an unobstructed view of the American Falls and the Canadian Horseshoe Falls. The scenic beauty and the surroundings added greatly to start the convention off in a most enthusiastic atmosphere.

Monday was devoted to the discussing of Credit Bureau Reporting. G. Don Smith, A.C.I., Credit Bureau of Montreal, was our guest speaker at a luncheon held on Monday Noon. President Ivan Bowman of the Ontario District capably presided at this luncheon. Present at the head table were W. L. Houck, M.L.A., Mayor of the city of Niagara Falls who attended in a dual capacity in addition to being Mayor of the city he is a member of the Provincial Legislature for Welland County. He extended a welcome on behalf of the city to those present. W. B. Gunning, President, Greater Niagara Chamber of Commerce, Burdette Gardner, Hornell, New York, President of the Associated Credit Bureaus of New York State, also were at the head table.

Mr. Smith spoke of what the trend of credit buying is likely to be over the next two years. He pointed out very definitely Credit Bureaus are an asset to any community, and told those assembled that all Credit Bureaus have a huge responsibility resting upon them, and that they must do a complete job at all times and possibly more so in the future than they have in the past. This talk was given in his usual clear-cut manner and was particularly well received.

The Tuesday and Wednesday sessions were devoted to the discussion of all matters pertaining to collections. An election of officers took place late Wednesday afternoon. The officers elected to carry on for the next twelve months are as follows:

H. E. Wickham, St. Catharines Ontario President
A. D. Sinclair Ottawa, Ontario Vice President
Ivan Bowman Kitchener, Ontario Past President
C. T. Beaman Brantford, Ontario Secretary and Treasurer
J. E. Wilson Peterborogh Ontario
Mel March Stratford, Ontario
Phil Taton North Bay
D. Didnan Windsor

The recent convention was unique in that it had an insurmountable number of "First's" to its credit. It was the first time that a joint meeting had been held with the Credit Bureaus of New York State. Also the first time that a convention had been held at Niagara Falls by the Ontario District and the first time that we had held a noonday luncheon with a speaker, and the first time that most of us had had an opportunity to meet Elmer Slater newly appointed Field Secretary of the Associated Credit Bureaus of Canada. ***

Use Your Credit Bureau

It is of vital importance when taking an application for credit from an enlisted person to obtain full name, rank, unit to which attached and regimental number as well as location of barracks. And there is also only one satisfactory answer for your collection problems and that is the service of the Credit Bureau. They offer efficiency developed through exchange of ideas with affiliated offices everywhere. The ethical, courteous handling of debtors retains your customers good will at all times.—*Service Bulletin,* Toronto, Ontario.

"Regulation W"

(Beginning on page 10.)

business falls off. It is believed that a more even rate of production in the durable goods lines would reduce the danger that a small recession would lead into a deep depression. Tightening instalment terms in the boom and relaxing them in the recession would help to keep things on a more even keel.

This position does not by any means suggest that the objective should be an unchanging rate of durable goods production over the years. For one thing, it would be expected that production would grow with the development of the country, in fact that it would follow the trend, which has been going on for a long time, of growing faster than the production of other goods and services. Furthermore, even in the course of this trend, variations on one side or the other would not be considered alarming so long as they did not go too far.

Obviously, if the FRB were to rely on any particular one of these positions as the only guide to be used in determining what its policy should be on terms, the course of action would show a somewhat different pattern than would be the case if another position were the sole criterion.

The patterns called for by the various points of view are, however, sufficiently similar that most of those who emphasize one aspect more than another would be likely to find the board's policy reasonably close to their ideas, whatever might be the special reasons for the set of terms in effect at a given time.

Accordingly, the people holding these views support the principle of regulation without insisting upon a specific formula as to its administration except that it should be guided by the general objective of maintaining high and stable economic activity. ***

"Annual Report"

(Beginning on page 22.)

it is assumed that all such credit standardization and classification plans would be reasonable and would not involve stringent or onerous controls upon customers or customer credit. Such plans would undoubtedly foster and encourage economic health and stability in the communities where desired because of their tendency in encouraging customers not to overextend their credit and thereby impair their purchasing power. It may be, however, that the only practical basis upon which to institute such plans, despite the localized nature of them generally, is to gather a number of them together and convoke the Trade Practice Conference procedure of the Federal Trade Commission. It would seem that if it is possible to obtain the sanction and advice of that governmental body, through its Trade Practice Conference procedure, you would then want to submit such plans to your national officers for their advice and guidance, at such time or times as such plans may be readied for use and adoption.

It is said that a speaker rises to be seen, speaks to be heard and sits down to be appreciated. ***

The Factbilt ROUND TABLE

A page devoted to improving the mutual cooperative relationship between members of the National Retail Credit Association and the Associated Credit Bureaus of America

How "Wide" Can a Credit Bureau's Service Be?

WE HEAR A LOT today about improved credit bureau service. Collecting information and reporting it speedily and accurately are the most important functions of a credit bureau. But some bureaus have profitably expanded services to include "extras" above and beyond the call of duty.

One important contribution is in the field of education. Many credit bureaus have assumed two responsibilities for credit education: (1) to help educate young people and other consumers in the value and proper use of credit privileges, and (2) to provide a basic training for credit bureau and credit department employees.

Various Educational Projects

Just in the last three months, courses in consumer credit have been offered in Spokane, Washington; Victoria, British Columbia; Cheyenne, Wyoming; Ponca City, Oklahoma; Wichita, Kansas; St. Louis, Missouri; Joliet, Illinois; Roanoke and Richmond, Virginia; Springfield, Massachusetts; and in California cities of Oakland, Stockton, Burlingame, Santa Rosa, and Newport Beach.

Consumer education follows a different pattern in Minnesota, with the emphasis on "Pay Promptly" roadside signs. Minnesota bureaus who have cooperated with this program are located in: Albert Lea, Bemidji, Brainerd, Cloquet, Excelsior, Fargo, Hastings, Morris, New Ulm, Red Wing, St. Cloud, St. Paul, Stillwater, Wadena, and Winona.

Cooperation with Authorities

Credit bureaus' public services are never more clearly emphasized than in their contacts with local police, parole authorities, and schools.

At Harrisburg, Pennsylvania, the credit bureau helped end a recent wave of high school students' shoplifting. Cooperation was established between police, schools, and homes, with the credit bureau acting as liaison agent.

Rochester, New York's credit bureau works with parole authorities to help check on parolees. In Peoria, Illinois, and in Cleveland, Ohio, close cooperation with local police means better service to both citizens and bureau members.

Watchfulness on the part of credit bureau personnel often leads to the arrest of bad check artists. Norfolk, Virginia; Ponca City, Oklahoma; and Lexington, North Carolina—all these recently reported arrests with the help of the credit bureau. Miami's credit bureau received a thank-you letter from the FBI for its check-warning service.

Direct Contact with Consumers

Some bureaus are helping clear away mistaken ideas in the public mind by contacting consumers direct, and by initiating services which are of public benefit.

Springfield, Massachusetts' credit bureau publishes a *consumers'* credit guide which classifies credit granters by type of service. Copies are free to all newcomers to Springfield.

"Taking to the air" to contact consumers is becoming more frequent on credit bureau schedules. Outstanding programs have been presented in Philadelphia and Johnstown, Pennsylvania; Newark, Ohio; Elkins, West Virginia; Des Moines, Iowa; and Hattiesburg, Mississippi. In Cincinnati, Ohio, and Salt Lake City, Utah, the credit bureaus visited consumers via television.

A definite service which is offered by many bureaus is the "pooled account" arrangement. This service can be found in Birmingham, Alabama; Anaheim, California; Springfield, Illinois; Baton Rouge, Louisiana; Bozeman, Montana, and many other bureaus too numerous to mention. Examples mentioned above are but a few of the special services offered today by credit bureaus.

How Does the Credit Granter Benefit?

Members benefit in many ways from public relations activities by their credit bureau. Giving the public pleasant associations with the words "credit," "credit bureau," "credit manager," "credit granter"—this will do a lot to improve relations with your credit-seeking customer.

As members, too, you profit from consumer education in the use of credit. Courses which train employees help you to have better workers. Customer-training courses help you keep on better terms with your customers.

Benefits you derive from the bureau's cooperation with local authorities are obvious: (1) the immediate benefit from having the thieving put to an end, and (2) the lasting benefit of good publicity in our campaign to educate the public.

As a credit bureau member. . .as a user of the bureau's service. . .you should be concerned with whether or not your bureau is living up to its local responsibilities. Why not evaluate its performance as "public servant"? *You may be surprised.* ★★★

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.

LOCAL ASSOCIATION *Activities*

Denver, Colorado

At the recent annual meeting of the Retail Credit Men's Association of Denver, Colorado, the following officers and directors were elected: President, L. S. Rosvall, The May Co.; First Vice-President, Andrew Dyatt, Landon Abstract Co.; Second Vice-President, George D. Spillane, Beatrice Foods Co.; Treasurer, Walter A. Woods, American National Bank; and Secretary-Manager, Donald H. Puffer, Credit Bureau of Greater Denver. Directors: Paul B. Cornwall, The Denver Dry Goods Co.; Walter A. Woods, American National Bank; Dr. Bradford Murphey; and J. F. Scott, East Denver Lumber Company.

Detroit, Michigan

At the annual meeting of the Retail Credit Association of Detroit, Michigan, the following officers and directors were elected: President, Howard J. Hourigan, Crowley Milner & Co.; First Vice-President, Mary King, Lenco Photo Sales; Second Vice-President, Arthur J. Droste, Harry Suffrin, Inc.; and Secretary and Treasurer, Paul E. Thomas, Merchants Credit Bureau. Directors: Warren L. Brodie, Russeks; Raymond V. Chaffee, Ernst Kern Co.; Jerome K. Jordan, Michigan Consolidated Gas Co.; L. E. Keenoy, City Finance Co.; J. J. Youngman, Sears, Roebuck & Co.; Gladys Heim, Wright Kay Co.; William Westphal, J. L. Hudson Co.; A. G. McConnell, Peoples Outfitting Co.; William J. Gordon, National Bank of Detroit; and R. M. Grinager, J. L. Hudson Co.

Hattiesburg, Mississippi

The newly elected officers and directors of the Associated Credit Managers of Hattiesburg, Mississippi are: President, Sam Eisman, Eisman's; First Vice-President, George Barrett, Fine Bros. Matison Company; Second Vice-President, J. Frank Brown, First Federal Savings & Loan; Third Vice-President, James E. Deutsch, Fine Bros. Matison Co.; and Secretary-Treasurer, Mrs. Alberta Phillips, Fowler Hardware. Directors: Frank K. Matthews, Polk Hardware; Frank Brown, First Federal Savings; Kirk Silvey, Barron Motor Co.; R. A. Avenel, Avenel's; Mrs. Ann Scott, Joy's Credit Store; Al. Murray, American Oil Co.; and Mrs. Dell Byrd, The Credit Bureau of Hattiesburg.

New Haven, Connecticut

The following officers and directors were elected by the New Haven Retail Credit Association, New Haven, Conn., for the coming year: President, John E. Loeb, J. Johnson & Sons; First Vice-President, Samuel Enson, Enson's; Second Vice-President, Frederick J. Schmermond, New Haven Gas Light Co.; Secretary, Sarah Fromer, Besse-Richey; and Treasurer, Teresa Falcigno, Teresa Furniture Co. Directors: Vincent M. Reynolds, Gamble-Desmond Co.; Jean J. Freedman, Keller's; John J. Shea, Green's; Ben R. Lydick, Professional Adjustment Bureau; Julia Fracasso, The Roger Shop; Mary B. Hogan, W. B. Hall; Walter Scheld, Grace-New Haven Community Hospital; Madelina McInerney, Long's; Mae Cummings, Harvey and Lewis; Cleaveland Rice, Bronson, Rice & Lyman; Connie Marra, Stanley Dry Goods; Margaret Coakley, Shartenberg's; Edward Connolly, W. T. Grant Co.; and Stuart Halwig of Sears, Roebuck & Co.

Omaha, Nebraska

The following officers and directors were chosen by the Associated Retail Credit Grantors of Omaha, Nebraska, for the coming year: President, Norbert Bausch, H. W. Miller Electric Co.; First Vice-President, Don Smith, Northwestern Bell Telephone Co.; Second Vice-President, Barbara Robb, Associated Retail Credit Bureau; Secretary, Allen T. Hupp, Associated Retail Credit Bureau; and Assistant Secretary and Treasurer, Earl Higgins, Associated Retail Credit Bureau. Directors: Dean Ashby, J. L. Brandeis & Sons; Wilma Sisk, Goldstein-Chapman; Hazel Griffith, J. L. Kretschmer Co.; Jos. F. Thomas, Schmoller & Mueller; Arnold Wallin, First National Bank; Wm. Butterly, Public Loan Co.; Roy Kuhns, Nebraska Clothing Co.; and F. L. Barak, Aulabaugh Furs.

Philadelphia, Pennsylvania

The 1949-1950 officers and directors of the Philadelphia Retail Credit Managers Association are: President, Charles W. Gray, Hardwick & Magee; Vice-President, Rex A. Tooke, The Atlantic Refining Co.; Secretary, Woodrow Zimmerman, Scott & Hunsicker; and Treasurer, John A. Sears, Provident Trust Company. Directors: I. L. Brisbin, Girard Investment Co.; Frank Crutchley, N. Snellenburg & Co.; Arthur B. Daniels, Kahn & Rosenau; Wallace P. Feeney, Sears, Roebuck & Co.; Charles H. Dicken, Gimbel Brothers; Alexander Gunther, The First National Bank; Daisy Hilbronner, The Blum Store; William F. Irwin, Philadelphia County Medical Society; Samuel Kind, S. Kind & Sons; Peter McGinnity, McGinnity & Murta; Charles F. McGoldrick, Frank & Seder; William Stockton, The Atlantic Refining Co.; J. Stanley Thomas, Credit Men's Association of Eastern Pennsylvania; Clarence E. Wolfinger, Lit Brothers; and Charles B. Worthington, Strawbridge & Clothier.

Portland, Maine

The new officers and directors of the Retail Credit Granters of Portland, Maine, are: President, Frederic E. Skillings, N. T. Fox, Inc.; Vice-President, Clifton M. Pike, Porteous, Mitchell & Braun; Secretary, Wm. J. Foley, Credit Bureau of Greater Portland; and Treasurer, Mrs. Dorothea Wilbur, Boston Shoe Store. Directors: Oliver W. B. Brown, Maine General Hospital; Clarence B. Fowler, Randall & McAllister; Mrs. Ruth Singer, Credit Bureau of Greater Portland; Scott Marshall, Sears, Roebuck & Co.; Alice Chesley, Canal National Bank; Mrs. Gertrude Hutchinson, Atherton Furniture Co.; Robert S. Gass, Portland Gas Light Co.; Alvah H. Fabyan, Edwards & Walker; and Mrs. Irene O'Donnell, Rines Bros.

• *Business Activity Holds Steady at 3 Per Cent Below Last Year* •

VOLUME OF TRADE and business activity has continued to lag below the very high levels of a year ago, but the declines have been moderate and the total is within 3 per cent of last year. Variations among different industries and different sections of the country have been quite marked, however, and many extensive readjustments are taking place. The fact that general stability is being maintained while these individual fluctuations are going on is definitely encouraging for the future. The longer it is continued without sharp declines in the total business volume the more favorable will be the outlook for sustaining activity at a high level.

THE MOST striking variations among different sections of the country are the continued improvements in the agricultural regions, especially in the northern section, and the less favorable trends in the industrial parts of the Northeast and the East. The farming areas have rapidly recovered from the effects of the severe winter weather. Even though rainfall has been inadequate in many places, the general outlook for good crops is quite favorable and prices have held slightly above the low points of a few months ago. Larger marketings of farm products, including livestock, have helped to offset the lowered prices and net farm income is still high as compared with that in most of the recent years.

IN MUCH OF the industrial region around the Great Lakes, business has been maintained close to the levels of a year ago. The major sustaining industry has been iron and steel, where output has made new high records in recent months. Many of the heavy-goods industries are holding slightly better than the consumer goods lines. Some slowing down in sales to consumers is resulting in the reduction of production schedules from the very high peaks which have been maintained throughout the last year. Current buying is high enough to maintain output in many industries at not far below the present levels.

TRENDS HAVE BECOME slightly more favorable in many parts of the Southeast and South in recent weeks. Some improvements in both agriculture and industry account for these changes which result in total activity slightly above the national average. Conditions are also good in the Southwest in spite of some declines in the output of petroleum as well as in the prices and the marketing of livestock. This area continues to be the most favorable region of the country as it has been many months.

ALONG THE PACIFIC COAST, business has fallen off from the high level of a year ago to a greater extent than in most other parts of the country. As compared with prewar years, however, it is still much higher. Conditions are slightly more favorable in the southern part than in the northern states. Weather conditions account for some of this variation but industrial changes are also significant.

IN CANADA, business activity has recently been rising after having fallen during the first part of the year. The general level now is about the same as it was during the corresponding periods in each of the last two years. It is within 5 per cent of the postwar peak and the trend is gradually upward. The industrial regions, especially those in which the heavy industries such as steel and machinery predominate, are somewhat better than the farming areas. Demand for goods continues to be strong, however, and the outlook for both industry and agriculture is favorable. Declines are expected to be relatively minor.—BUSINESS BULLETIN, La Salle Extension University, Chicago, Ill.

In The NEWS

AMERICANS ARE paying $4.5 billions a year for government and private social security plans, according to the National Industrial Conference Board. Nearly one in five persons is covered by the Blue Cross Plan.

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CONSUMER INSTALMENT loan receivables of the principal types of cash-lending agencies rose more than half a million dollars during April, amounting to an estimated 3,258 million by the 30th of the month. This total was about 13 per cent more than on the corresponding date last year. Volume of loans made during the month was slightly less than the March figure, but exceeded that of April 1949 by nearly 10 per cent.

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A LONDON BANK has installed television equipment to enable its central office to check records stored 25 miles away.

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ONE OUT OF every three women select clothes for their husbands. Men show most independence in selecting suits, least in buying pajamas.

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FIVE MILLION dollars was spent on buying goldfish in 1949 while only three million was spent on cancer research.

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INSTALMENT ACCOUNTS receivable in furniture stores increased one per cent in April, bringing these balances at the end of the month to a level 15 per cent above those outstanding on the corresponding date of 1947. Collections on instalment accounts, which customarily decrease in April, were down 3 per cent, and amounted to 13 per cent of accounts outstanding on the first of the month. At this rate of repayment, accounts would be collected in about fourteen and one-half months.

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THE COMMERCE DEPARTMENT reported that personal income fell $900 million in April, the fourth consecutive month in which it has declined. The annual rate of income for 58.6 million wage earners, the department said, was $213.7 billion. Although lower than it was the previous month, the rate was still 2.5 per cent higher than a year ago. The department said most of the big losers were farmers.

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FEDERAL, STATE and local indebtedness in the United States in 1948 amounted to $1,848.92 for every man, woman and child, the Census Bureau has reported. The per capita debt in 1946, the highest on record, was $2,019.62. The 1947 per capita debt was $1,910.00. The federal government's debt accounted for 93.1 per cent of the $270,936 million owed by all governments. State governments owed only 1.4 per cent, while counties, townships, cities, school districts and special districts owed the remaining 5.5 per cent.

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THE CENSUS BUREAU says that fishermen spend more money on equipment than do any other sportsmen. The factory value of fishing tackle amounted to $58.7 million in 1947, or more than one-fourth of the $210 million worth of sporting and athletic goods of all kinds turned out.

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WHILE THE FARM market will still be rich, it will be harder to sell this year. The farmer is beset with uncertainties and he will be inclined to hang on to his money. Principal uncertainties center around price problems. Until he knows where he stands on the size of his crop and the prices he can get for it, the farmer will be cautious. However, trade reports indicate that farm interest is higher than ever in machinery, appliances and other equipment that will reduce labor costs or provide greater profits.

THE USE OF "Lifo"—last-in-first-out method of determining inventory costs—is increasing in American industry. An examination of over 900 annual reports by the American Institute of Accountants discloses that the increase amounts to about 16 per cent over the preceding year. Companies using the method rose from 79 to 92 in the year.

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RECENT POPULATION figures for the United States are: November 1, 1948, 147,525,000; December 1, 1948, 147,737,000; and January 1, 1949, 147,947,000.

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INSTALMENT ACCOUNTS of both furniture and household appliance stores were collected somewhat more slowly in April than a month earlier, and the collection ratios declined one point to 13 per cent and 14 per cent respectively. Collections on instalment accounts of jewelry stores amounted to 14 per cent of accounts outstanding on the first of the month, the same percentage as was reported in March.

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AMERICAN CITIES grew at a much slower rate in the 1930-1940 decade than ever before, says a Twentieth Century Fund study.

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IN 1790, ONLY 5 per cent of the United States population lived in urban communities. By 1890 this had risen to 35 per cent and by 1940 to nearly 57 per cent.

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IT REQUIRES an estimated $28.00 a week to feed a family of six with three children at the hungry ages, between 8 and 14, according to a bulletin published by the Human Nutrition and Home Economics of the United States Department of Commerce.

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A PROMINENT retail executive has estimated that seven million dollars is lost annually because merchandise is not in stock when customers ask for it.

CREDIT WORLD *Files*

WE NOW HAVE available a handy, attractive cardboard file container resembling buckram in which you may conveniently store your copies of The CREDIT WORLD. Each file will hold 24 issues (2 years) and may be kept on your desk or in your bookcase for ready reference. The title is clearly printed on the backbone of the file in pleasing blue ink. Year labels from 1941 through 1950 furnished with each file. A reader's index of selected articles is printed on the back for your convenience.

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NATIONAL RETAIL CREDIT ASSOCIATION

Shell Building **St. Louis 3, Mo.**

Thank You, Boston!

OUR 35th Annual International Consumer Credit Conference was an outstanding success. The attendance, while less than at conferences in recent years, was nearly 1,000.

The addresses of DeLoss Walker and Dr. Daniel L. Marsh were not only timely and thought-provoking, but inspirational as well. The talk of Dean Roscoe Pound was interesting and informative. The three addresses were as fine as any we have heard at previous conferences.

The forum discussions, participated in by men of broad experience, covered all phases of credit, as well as business conditions and the business outlook. As in the past, there was considerable interest in this type of program.

The educational exhibits, which were visited by many of the delegates, were excellent and created much favorable comment.

On pages 22 and 23 of this issue of The Credit World will be found the address of Harold L. Schilz, our Washington Counsel, delivered before the conference. It gives a different angle to credit control plans and interested associations should give further thought to the revival of such plans which were under consideration in 1946.

In an effort to streamline the conference program, reports of officers and the chairmen of the Finance and Legislative Committees were not read. The reports of officers and the chairman of the Finance Committee appear on pages 15-17 of this issue. The report of the Legislative Committee and other conference notes will be in the August issue, and the Credit Forum discussions will be published commencing with the September issue.

All in all, it was a highly satisfactory conference. Congratulations, Boston, for a job well done.

L. S. Crowder

General Manager-Treasurer